



Daily Report

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Daily Report

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General

Envoy Comments on UN Resolution on Iraq

OW0908191290 Beijing XINHUA in English 1810 GMT
9 Aug 90

[Text] United Nations, August 9 (XINHUA)—The U.N. Security Council, gravely alarmed by Iraq's declaration of a "comprehensive and eternal merger" with Kuwait, holds that the annexation is illegal.

In a resolution unanimously adopted today, the Security Council said that "annexation of Kuwait by Iraq under any form and whatever pretext has no legal validity, and is considered null and void."

President Saddam Hussein of Iraq announced on August 8 his annexation of Kuwait, the tiny oil-rich desert kingdom, the Iraqi Army occupied in a blitz invasion seven days ago. Other Arab states have been trying to search for a peaceful solution to the crisis.

The Security Council, demanding once again that Iraq withdraw immediately and unconditionally all its troops, expressed in the resolution its determination to bring the occupation to an end, to restore the sovereignty, independence and territorial integrity of Kuwait, and to restore the authority of the legitimate government of Kuwait.

It called on all states, international organizations, specialized agencies not to recognize the annexation, and to refrain from any action or dealings that might be interpreted as an indirect recognition of the annexation.

Speaking after the voting, Chinese Ambassador Li Daoyu reiterated China's support for the principles of U.N. Resolutions 660 and 661. He said China, knowing it "with joy that an emergency Arab summit will be held," always supports the mediation efforts of the Arab states and hopes "this summit will yield positive result so as to help reach a peaceful solution to the current dispute."

He also called upon all parties concerned, in order to restore peace and stability in the Gulf region, to exercise restraint and refrain from taking any action that might further complicate the situation.

Sino-Foreign Joint Publishing Development Noted

OW0908135390 Beijing XINHUA in English 1153 GMT
9 Aug 90

[Text] Beijing, August 9 (XINHUA)—Sino-foreign cooperation in publishing has developed remarkably since China adopted open policies a decade ago.

According to an official of the State Administration of Publishing, from 1978 to 1989, China reached more than 600 agreements with foreign publishing houses on the joint publication of more than 1,000 titles.

Before 1978, Chinese contact with foreign publishing houses was rare. The few items exchanged were usually translations of works by the leaders of various countries, including the translation of works by Mao Zedong in some Western countries.

In the past 11 years, the Chinese publishing industry has had increasing contacts with foreign publishers. Chinese delegations have visited dozens of countries, including Japan, Great Britain, the United States, Italy, Australia, Mexico and the Soviet Union. Foreign publishers have also sent delegations to China.

Sino-foreign joint publishing has taken many forms. Chinese publishers sometimes provide the text and photos of a book to foreign partners for publication or joint publication. In these cases, the foreign publisher pays the Chinese publisher according to the labor involved and technological requirements.

Another form of cooperation is joint development of an agreed subject with equal investment and profit sharing.

Another form is joint editing and separate publishing and distribution. "The Concise English-Chinese and Chinese-English Dictionary," jointly published by China's Commercial Press and Britain's Oxford University Press in 1986, is an example that adopted this form.

The most commonly used form of cooperation is outright sale of a copyright to a foreign publisher. Payments are usually in the form of royalties. Chinese publishers have reached many agreements with foreign publishers for the publication of reference books and academic works.

Chinese publishers have also cooperated with foreign publishers in the publication of journals. Many journals are edited and compiled by Chinese publishers and then published by foreign publishers.

"Through joint publication, information about China's socialist construction and cultural traditions are introduced to foreign readers, and knowledge beneficial to China's socialist construction and scientific and cultural development is introduced to Chinese readers," said Xu Liyi, vice-chairman of the Chinese Publishers Association.

The reprint of the Dunhuang Manuscripts stored in the British Museum through cooperation between China's Sichuan Province and Britain has been valuable to scientific researchers.

Joint publication has also increased the sale of books. More than 100,000 copies of the picture albums "China" and "Overlook on China" have been distributed. They are available in all large bookstores in cities around the world.

Xu said that because China has not joined world's copyright pact, the Chinese publishing industry can only protect its copyrights through joint publication with foreign publishers.

"For quite a long time, Chinese publishers lacked contacts with foreign publishers. Through joint publication, we have learnt a lot about the editing, design, and administration of book publishing and the international market," said Xu.

Xu said the Chinese publishing industry plans to continue exchanges and cooperation with foreign publishers enlighten the rest of the world about China and promote scientific and cultural progress in China.

Article Assesses Western Coordination

HK0708062990 Beijing SHIJIE ZHISHI in Chinese
No 14, 16 Jul 90 pp 24-25

[Article by Lin Huisheng (2651 2585 3932): "New Trends of U.S.-Japanese-European Tripartite Coordination"]

[Text] Although the coordination has just started, it has gained great momentum. The trend of the three leading powers exerting influence on the world merits attention.

In early July, the Western nations held two important meetings: The NATO summit held in London on 5 and 6 July and the G-7 summit held in Houston from 9 to 11 July. The NATO summit is the first meeting following the drastic changes in East Europe. In June, NATO invited Japan to attend a symposium on Asia-Pacific issues. Moreover, during his first visit to NATO headquarters on 3 July, Japanese Foreign Minister Nakayama Taro told NATO Secretary General Manfred Wornat that Japan supports a unified Germany as a member of NATO. Before the end of the year, a European Security Council [ESC] summit will also be held in Paris. Japan will attend the summit for the first time. The frequent meetings between heads of state of the United States, West Europe, and Japan within such a short period gives us much food for thought. It indicates a new trend in the development of the world situation, that is, when drastic changes have taken place in the Soviet Union and East Europe, the old balance has been smashed, and a new structure has not yet taken shape in the world. The United States, West Europe, Japan, and other major capitalist countries are trying to establish a new world order to be led by the three. Moreover, they have started adopting major policies and moves in this regard.

Ideas

On 8 January, Japanese Prime Minister Kaifu wrote a letter to President Bush before his visit to Europe in which he expressed his views on the East Europe situation and his intention to visit Europe. Figures from the Japanese Foreign Affairs Ministry said that the prime minister insisted on establishing a new world order with Japan, the United States, and Europe as the leaders. Whether this will be successful or not depends on making the international community in the 1990's more peaceful and prosperous. Later, Kaifu delivered a speech in Berlin, comprehensively explaining Japan's so-called "new Europe policy." He said that one of the three main pillars of the policy is "close ties between Japan and

Europe and the coordination of policies between Japan, the United States, and Europe." In May, Kuriyama Shoichi, Japanese permanent vice foreign minister, wrote an article that "the responsibility of establishing a new international order should be jointly undertaken by Japan, the United States, Europe, and other advanced democratic countries; and the coordination system of Japan, the United States, and Europe is the key to world peace and prosperity in the future." "It is a basic topic of Japan's current diplomacy to coordinate with the United States and Europe on the one hand and undertake international responsibility on the other." Earlier this year, the United States also proposed its new tentative policy of "new Atlanticism" toward West Europe and "global partnership" toward Japan. During his talks with Kaifu in March, Bush once again stressed that "the United States, Europe, and Japan should carry out more frequent political consultations." West Europe also adopted a positive attitude toward coordination of the three powers. (Erhow), chairman of the British Lower House's Foreign Affairs Committee, delivered a speech at the end of January advocating that "the world dominated by the superpower structure" should move toward a U.S.-European-Japanese "tripartite structural world." During his visit to Japan in mid-April, French Defense Minister Chevenement expected "Japan to be further involved in the major issues affecting the world." This is tantamount to drawing Japan into the U.S.-European coordination across the Atlantic Ocean.

Under the guidance of this policy, the move toward U.S.-European-Japanese tripartite coordination has been further enhanced. On the policy toward East Europe, the United States, Europe, and Japan first proposed the establishment of a "European Rejuvenation Development Bank" based on the 24 Western industrial nations making overall arrangements for aid to the East European countries. Then, the financial sources of the International Monetary Fund was increased by 50 percent in early May to meet the "increasing needs of credit by the East European countries."

Not long ago, Japan and the United States decided to establish a "political and military consultative organ" whose members included the U.S. secretaries of state and defense and the Japanese prime minister, director general of the defense agency, and other senior officials. The organ would hold annual meetings to discuss the Asia-Pacific strategic situation, Japanese-U.S. military relations, world environmental protection, and other issues. As both Japan and the United States were worried that the intensifying trade frictions since the beginning of this year would harm the ally relationship between the two countries, they held several rounds of structural consultations in an attempt to coordinate their economic relations. To enhance coordination, Japan and Europe resumed on 29 May the ministerial level meetings between Japan and the European Community which were suspended for three years. A spokesman for the EC said: "It will be a milestone in strengthening political and economic relations between Japan and the EC."

It is noteworthy that NATO specifically invited Japan in mid-June to attend a meeting of senior diplomatic and defense officials and some experts of the United States, Europe, Japan, and other countries to discuss Asia-Pacific issues. NATO held such a special meeting for the first time in 40 years. This was also an official meeting to which NATO invited Japan to attend for the first time. Following that, Japan was invited to attend for the first time the NATO summit held in early July. Experts believe that the West is attempting to increase the functions of NATO and the U.S.-Japanese security system. They also have the strategic idea of linking the two through a certain form.

Cause

The strengthening of U.S.-European-Japanese coordination is a new essential trend which appeared under the circumstances of a decline in the Soviet Union's strength and influence, a disintegration of the U.S.-Soviet two-tier structure, and the rapid development of multipolarization of the world situation. It has the following basic meaning: First, develop the so-called "victorious" achievements attained by the West in the cold war and establish a new world order with the predominance of Western capitalism; second, prevent intensification of contradictions between the Western capitalist powers when the "threat from the Soviet Union has declined;" and third, give more play to Japan in the world's political affairs, particularly in Europe, and at the same time enable Europe to gradually get involved in Asia-Pacific political affairs. This trend indicates the reality of the change in economic strength and position within the Western countries under the law of uneven political and economic development of capitalism as well as the need to maintain stability within the Western alliance.

Tremendous changes have occurred in the European situation. While celebrating with joy the "victory" of the West in the cold war, the Western countries are also worried about the increasing contradictions and differences within the West in the new situation. This is the main reason for them to strengthen coordination. Following the tentative idea of a "common European home," the Soviet Union recently proposed a new European security idea of "great European committee" to meet the needs of West Europe's deep-rooted concept of "Europe of the Europeans" and to sow discord between the United States and Europe. However, there are still sharp differences between the United States and Europe on the future new structure of European security: The United States and Britain insist on giving further play to NATO; France proposes strengthening the EC; and West Germany maintains strengthening the ESC because it is eager to solve the external problems of German unification. The Soviet Union has always stressed the role of the ESC. The contradictions and differences within the West will inevitably weaken their position in dealing with the Soviet Union.

The current focus of U.S.-European-Japanese coordination is Europe. The United States and Europe want to

make use of Japan by introducing it to European politics. In this regard, it corresponds to the reality of Japan's increasing economic strength. Moreover, they intend to bring Japan's economic strength into the overall strategic track of the West. Japan is currently one of the countries from the West which has the highest favorable balance of trade and most foreign exchange reserves. Meanwhile, it is also a country which has undertaken the fewest international commitments.

In today's drastically changing world, a distinct characteristic of the developing international situation is that the role of military strength is declining while that of the economy is increasing. Both Japan and Europe have recognized this point and made use of it. With its sound economic strength as the lever, Japan attempts to become a "political power" in the world. However, the United States and Europe want Japan's economic strength to better serve the overall interests of the Western alliance.

Moreover, mutual utilization and restriction politically and mutual dependence and competition economically constitute an essential factor in U.S.-European-Japanese coordination. To maintain its status as a world power and its leadership role in the Western Alliance under the situation of its relative decline and the rapid development of world multipolarization, the United States increasingly needs the coordination of European and Japanese political and economic strength. Deeply worried about the prospects of German unification, West Europe, particularly Britain and France, want the United States and Japan to contain the unified Germany. On the other hand, Japan attempts to make use of the United States' and Europe's economic dependence on it to gain more ground in the European market and use vigorous participation in European affairs as the springboard to become a "political power" in the world.

Prospects

Although the strengthening of U.S.-European-Japanese coordination has just started, it has gained great momentum. Generally speaking, it is unlikely that the United States, Europe, and Japan can establish a "supra-NATO" organ or connect NATO and the Japanese-U.S. security structure in the form of a treaty. It may be possible to make full use of, transform, and expand the existing coordination mechanism. The possible forms include:

1. The establishment of a "club of rich nations" mechanism based on the G-7 summit. The annual G-7 was originally a temporary place to discuss and resolve the economic problems of the Western nations. However, it has changed and become a "club of rich nations" mechanism. Apart from discussing economic problems, it also discusses political issues. Besides internal issues of the West, it is also involved in more external issues. Permanent expert conferences or groups may also be established under the summit in the future to frequently carry out coordination in policies.

2. Invite Japan to join the NATO summit and ESC and form a U.S.-European-Japanese security coordination mechanism. Since June, Japan has already participated in NATO activities. Following the conclusion of the NATO summit, it is likely that Japan will send permanent observers to NATO headquarters. Later, Japan will attend various conferences of the ESC and become a de facto "first Asian member nation of the ESC." As a result, the United States, Europe, and Japan can coordinate their position on the establishment of a new European security system and also carry out consultations and discussions on their global military and security policies.

3. Propose that Japan and a unified Germany become permanent members of the Security Council and deprive the permanent members of their veto power so that the West constitutes the majority in the Security Council and the United Nations can be better utilized by the West. In recent years, there has been an increasingly strong voice in the West which proposes that Germany and Japan become permanent members of the Security Council. At the time when the United Nations have difficulties in expenses, it is more likely that Germany and Japan will make use of their financial superiority to join the Security Council.

Viewed from the developing trend, when tripartite U.S.-European-Japanese coordination becomes a regular mechanism, it will play a certain role in maintaining a balance of interests and easing the contradictions within the Western nations, containing and exerting pressure on the Soviet Union, and threatening and meddling in the affairs of the many Third World countries. Many countries have heightened their vigilance against the dangerous tendency of the United States, Europe, and Japan making use of their coordination to meddle in the internal affairs and harm the interests of other countries. Meanwhile, it should be noted that competition between the United States, Europe, and Japan has increased and that coordination can only mitigate their contradictions to a certain extent but cannot resolve their conflicts of fundamental interests. Thus, their coordination will be limited.

USSR, South Korean Rapprochement Discussed

HK0808125190 Beijing SHIJIE ZHISHI in Chinese
No 14, 16 Jul 90 pp 3-4

[Article by An Jianguo (1344 1696 0948): "Quick Rapprochement Between the Soviet Union and South Korea"—first paragraph is SHIJIE ZHISHI introduction]

[Text] The development of economic relations between both parties leads to the development of diplomatic relations. The old pattern is being broken.

Recently, there has been a spectacular new development in the Northeast Asian situation. The relationship between South Korea and the Soviet Union has thawed and gradually expanded from the economic to the political field. On 5 June, Soviet President Gorbachev met

with South Korea President No Tae-u in San Francisco. Foreign dispatches regard this as the climax of exchanges between South Korea and the Soviet Union in recent years. As a media commentary puts it, "a meeting of heads of state without diplomatic relations is very unusual in itself."

After No Tae-u officially put forward his "policy toward the north" in July 1988, the signs of a thaw in the long-standing hostile relationship between South Korea and the Soviet Union started to appear. Soon afterwards, Pak Chol-on, South Korean minister of first political affairs, paid a secret visit to the Soviet Union, which ushered in "formal dialogues" between both parties politically. With the 1988 Olympic Games as a turning point, both parties began official contacts, which are marked by constantly upgrading the relationship and frequent personnel exchanges. Following the establishment of consular relations last November, South Korea and the Soviet Union began limited consular business. During this period, economic and trade relations between both parties have developed even more rapidly.

In early 1989, Chong Chu-yong, honorary chairman of the board of directors of South Korea's Hyontae Group, visited the Soviet Union, paving the way for economic, trade, and technological cooperation between both parties. In the same year, both parties set up commercial and trade representative's offices in each other's country. Last March, Kim Yong-sam, supreme chairman [zui gao wei yuan 2584 7559 1201 0765] of South Korea's Democratic Liberal Party, led a high-ranking delegation to the Soviet Union and was reportedly given an exceptionally warm reception by Gorbachev. Meanwhile, South Korea's business circles have started a "craze for the Soviet Union." Nakhui Sangsa, Sonkyong, Hyontae Konsol, Samsong Mulsan, Hanil Synthetic Fiber, Koyong Sangsa, and other major financial groups have held the first South Korean commodity fair in Moscow. Four major financial groups, i.e., Samsong, Tacu, Nakhui Kimsong, and Hyontae, have even set up offices in the Soviet Union. South Korea's industrial bank and foreign exchange bank have also signed foreign exchange business agreements with the Soviet foreign exchange bank. On such a basis, bilateral trade has developed rapidly. In 1988 the volume of bilateral trade was \$289 million and in 1989 it drastically rose to \$599 million, an increase of 106.8 percent over the previous year. South Korea's major export products include textiles, shipping, cement, shoes, soap, toothpaste, and household electrical appliances; Soviet exports products include aluminum, pig iron, timber, rubber, cotton yarn, coal, nickel, and PVC resin.

Now, cooperation between both parties has rapidly developed to investment, technological cooperation, contracted projects, cooperative exploitation of resources, and other fields. For example, Hyontae Group has reached a 30-year agreement with the Soviet Union on the joint exploitation and processing of Siberian forest timber, with each party contributing 50 percent of the \$60 million in total investment. All the timber felled

will be shipped to South Korea, accounting for one-tenth of South Korea's total timber import each year. Sam-song, Taeu, Sonkyong, Nakchon, Hyosong, and other financial groups also vie with one another in signing joint-investment agreements with the Soviet Union and in taking part in the development of Siberia.

Their cooperation in the fields of basic science and high-technology is also very conspicuous. Early this year, both parties officially signed a scientific and technological cooperation agreement. According to this agreement, the Soviet Union will (for a period of 10 years) annually export 40 metric tons of enriched uranium to South Korea as fuel. Thirty percent of the credit will be repaid by South Korea with electronic products. As uranium is listed as first-level strategic material in the Soviet Union, this act is regarded by some people in South Korean political circles as something unusual. Because the United States and Japan restrict the transfer of advanced technology to South Korea, the Soviet Union is likely to become South Korea's "ideal cooperation partner" in such high-technology industries as aviation, space flight, atomic energy, and chemical industry.

The Soviet Union and South Korea have effected such a rapid rapprochement out of the consideration of strategic interest. At present, they have mutual political and economic needs.

Being poor in natural resources, South Korea relies on import for about 60 percent of its raw materials and fuel. For a long time, South Korea has relied too heavily on the United States and Japan in its foreign economic relations. Its dependence rate of U.S. and Japanese markets is as high as 50 percent. The international economic environment has deteriorated in recent years and South Korea's commodities have been given a cold shoulder and boycotted on the U.S. and Japanese markets. Last year, South Korea's export rose by merely 2.6 percent and its export volume dropped by six percent. Such a lack of economic dynamics has been rarely seen in the past 20 years. In the view of South Korea's industrial and business circles, the opening up of Soviet markets will open a new broad market for South Korean commodities and instill new vitality to its stagnant economy.

Politically, opening up the relationship with the Soviet Union constitutes an important link in South Korea's "policy toward the north." Some time ago, South Korean foreign minister unreservedly asserted that in its "policy toward the north" this year, "the focus is to improve relations with the Soviet Union." South Korea is attempting to take advantage of the breakthrough in relations with the Soviet Union to improve its international status and speedily join the United Nations. So far, its "policy toward the north," with economic strength as the backing, has attained some results. Hungary, Poland, Yugoslavia, Czechoslovakia, Bulgaria, and Mongolia have established official diplomatic relations with South Korea one after another.

The United States encourages No Tae-u's "policy toward the north," regarding it as parallel with the U.S. interest

in the Korean peninsula. The meeting between President Gorbachev and No Tae-u was reportedly pulled off with former U.S. Secretary of State Shultz acting as a go-between. An American newspaper discloses that President Bush has even personally asked President Gorbachev to exert his greatest influence on the peace issue in the Korean peninsula.

The Soviet Union has approached South Korea more out of economic consideration. It urgently needs to expand economic and trade relations with South Korea. The Soviet economic situation is grim. Its 1989 financial deficit was as high as 120 billion rubles and its domestic and foreign debts exceeded 460 billion rubles. Of the 1,000-odd commodities needed by society, the Soviet Union can manage to ensure supply for only 120 commodities. The grim economic situation has greatly affected the Soviet Union's political stability and reform process. Therefore, the Soviet Union wants very much to improve its domestic economy and develop the Far East and Siberia with the aid of South Korea's commodities, funds, and technology. As commented by foreign dispatches, the quick rapprochement between the Soviet Union and South Korea shows that in its foreign policy the Soviet Union attaches more importance to practical interests. But it is prudent on the question of developing relations with South Korea. It has adopted a low-key attitude toward the Gorbachev-No meeting without playing it up. In reporting the meeting, it avoided using "summit meeting" and paid attention to coordinating the interests of all parties concerned. A Soviet Foreign Ministry spokesman recently indicated that "it is only against the background of the overall development of the situation in the Korean peninsula that it is possible to practically consider the question of establishing diplomatic relations."

Analyzed from the current situation, the pace of economic cooperation between South Korea and the Soviet Union is quickening. Bilateral trade volume is expected to top \$1 billion this year and to reach \$2 billion in 1993. Naturally, due to the lack of official diplomatic relations, the economic and trade relations between both parties will be substantially restricted. For this reason, they are considering this issue in order to further stimulate development in economic relations. As for whether or not they will establish diplomatic relations this year, as it is rumored, this is yet to be observed.

Southeast Asia & Pacific

Li Peng Concludes Talks With Suharto

OW0908140290 Beijing XINHUA in English 1330 GMT
9 AUG 90

[Text] Jakarta, August 9 (XINHUA)—Chinese Premier Li Peng said good-bye to Indonesian President Suharto at the Istana Merdeka (Independence Palace) here this morning before Li Peng's departure for Bandung, capital of West Java.

Li Peng and Suharto had a cordial conversation. Both of them were very glad to have the opportunity to get acquainted with each other.

After the meeting, Li Peng and his wife Zhu Lin and their party left Jakarta for Bandung by plane in the company of Indonesian Foreign Minister Ali Alatas and his wife.

Li Peng Attends Sino-Indonesian Ties Gathering

OW0908125690 Beijing XINHUA Domestic Service
in Chinese 1423 GMT 8 Aug 90

[By XINHUA Reporter Yang Mu (2799 2606) and RENMIN RIBAO Reporter Liu Zhengxue (0491 2973): "Li Peng Attends Report Meeting on Resumption of Sino-Indonesian Ties"]

[Text] Jakarta, 8 August (XINHUA)—On the afternoon of 8 August, Premier Li Peng attended a report meeting held by the Indonesian side in celebration of the resumption of Sino-Indonesian ties in Po lu fu tuo zhou ji [1237 5012 3187 7094 3166 7139] Hotel here in Jakarta. At the report meeting, Premier Li Peng gave a methodical account on the domestic and foreign policies of the Chinese Government. Among the some 400 people present at the meeting were Indonesian cabinet ministers, parliamentarians and notables from all walks of life.

After the briefing, Li Peng cordially met with over 30 representatives of Indonesian notables. The guests and host spoke highly of the significance and far-reaching influence brought about by the restoration of Sino-Indonesian ties. At the request of the Indonesian friends, Premier Li Peng briefed them on the fundamental views of the Chinese Government on the current international situation, the achievements of China's policy of reform and opening to the outside world, the present state of China's economy, and the prospects of Sino-Indonesian relations.

Huang Hua Praises Restoration of Ties

OW0708145490 Beijing in English to Western
North America 0400 GMT 7 Aug 90

[Text] Former Chinese Foreign Minister Huang Hua says the normalization of diplomatic relations between China and Indonesia will promote closer ties between China and ASEAN nations. The two countries will officially normalize relations this Wednesday. The former minister recently talked with reporters of Radio Beijing, and (Liu Hui) has the details.

Huang Hua says the normalization of ties between China and Indonesia is an important event in the history of both countries. He says this move not only conforms to the interests of the two peoples, but it is also significant to retaining peace and stability in Asia. The two governments issued a joint communique in July expressing their desire to normalize relations on the basis of the five principles of peaceful coexistence and the ten principles of the Bandung Conference.

Huang Hua recalls that he attended the Bandung Conference with the late Premier Zhou Enlai in 1965. This was the first historical meeting held by Asian and African countries after WWII. Delegates from 29 countries attended the meeting. Huang Hua was the spokesman for the Chinese delegation. He says he witnessed the close cooperation between Chinese and Indonesian delegates in formulating the ten principles of the Bandung Conference. In the past 35 years, China has based its foreign policy on the five principles of peaceful coexistence and the ten principles of the Bandung Conference. Huang Hua says the normalization of relations between China and Indonesia is the latest example of this. He says this normalization process has taken a lot of time. In the early 1970's, the Indonesian Government indicated that it wanted to normalize relations with China. Since then, representatives of the two governments have had many contacts. Huang Hua says one example of this was during his tenure as Chinese representative to the United Nations in the mid-1970's. He says he often exchanged views with his Indonesian counterpart.

The two countries also shared opinions on major international concerns, such as the Cambodian issue. This former Chinese foreign minister notes that the two countries are two of the most populous in the Asian-Pacific region and have many things in common. Huang Hua adds that Chinese Premier Li Peng has supported developing friendly relations with Indonesia in an all-round way, with exchanges in political, economic, trade and cultural fields.

He says with concerted efforts China and Indonesia will be able to make greater contributions to the peace and development of the Asian-Pacific region. Huang Hua predicts that the resumption of official ties between China and Indonesia will help strengthen China's relations with the rest of the ASEAN nations. For example, he says, just recently the Singapore Government has expressed its desire to establish formal diplomatic relations with China.

Philippines Welcomes Sino-Indonesian Ties

OW0808122390 Beijing XINHUA in English 1148 GMT
8 Aug 90

[Text] Manila, August 8 (XINHUA)—Philippine Foreign Affairs Secretary Raul Manglapus stressed here today that the official resumption of diplomatic relations [between] China and Indonesia is a "positive, stabilizing move for Southeast Asia."

Manglapus said at a press conference that the suspension of Indonesian-Chinese relations in the 1960s had "a negative effect on the rest of the region." "Therefore, any act of normalization of those relations is something we should welcome."

Manglapus said that the same thing goes to the ensuing establishment of diplomatic relations between China and Singapore.

In an interview with XINHUA, Philippine Foreign Affairs Undersecretary and former Philippine Ambassador to China Pablo Suarez pointed out that the restoration of formal diplomatic relations of China with Indonesia and subsequently the establishment of diplomatic relations with Singapore "would be very good for our region."

Suarez said that Premier Li Peng's visits to Indonesia and Singapore "are in line with this new initiative to establish diplomatic relations with the rest of the ASEAN (Association of Southeast Asian Nations)."

"Now all the major ASEAN countries will have direct diplomatic relations normally with the People's Republic of China. This is a very good thing," Suarez said.

Thai Papers Praise Li Peng's Visit

OW0708083190 Beijing XINHUA in English 0625 GMT 7 Aug 90

[Text] Bangkok, August 7 (XINHUA)—Local Chinese language newspapers have carried editorials appraising highly the on-going visits of Chinese Premier Li Peng to Indonesia, Singapore and Thailand.

In today's editorial, "XING XIAN DAILY NEWS" pointed out that Premier Li Peng's visits to the three countries of Association of Southeast Asian Nations (ASEAN) is "of great and far reaching significance."

On the Chinese Premier's visit to Indonesia, "ZHONG HUA DAILY NEWS" said in its editorial on Sunday that "both China and Indonesia are developing countries in Asia. The resuming of their normal diplomatic relations has become a focal point of people's attention."

"China's recent victories in the international arena are very spectacular." It said, adding that "a series of diplomatic victories China achieved have shown that China's international prestige has drawn high international attention and also reflected that China's peaceful diplomatic line and the policy of maintaining friendly relationship with neighboring countries are widely welcomed."

The editorial noted that "Thailand and China have close relations and frequent contacts. The up-coming visit of Li Peng to Thailand is sure to obtain complete success in further strengthening friendship and cooperation between the two countries."

Vietnamese Official on Sino-Indonesian Ties

OW0908133890 Beijing XINHUA in English 1208 GMT 9 Aug 90

[Text] Hanoi, August 9 (XINHUA)—The resumption of diplomatic relations between China and Indonesia is conducive to peace and stability in the region, a Vietnamese Foreign Ministry official said here today.

The official told the official Chinese XINHUA NEWS AGENCY that "the restoration of diplomatic ties

between China and Indonesia after a break of more than 20 years is in conformity with the world general trend."

"Therefore, friendly relations between the two big Asian nations will be conducive to peace and stability in the region, including a just and reasonable settlement to the Cambodian issue," the official said.

Near East & South Asia

'News Analysis' Views Gulf Situation

OW1008012390 Beijing XINHUA in English 0033 GMT 10 Aug 90

["News Analysis: Gulf Overshadowed by Political Storm (by Gao Qiufu)"]—XINHUA headline]

[Text] Cairo, August 9 (XINHUA)—In sharp contrast to the blue clear sky over the gulf, a furious, unpredictable political storm has been brewing in the region.

It all started with Iraq's invasion of neighboring oil-rich Kuwait on August 2. The aggression prompted the Arab League to convene an emergency foreign ministers meeting in Cairo with a call for an immediate withdrawal of the Iraqi troops. Then came the U.N. Security Council resolution endorsing sweeping economic and military sanctions against Iraq amid condemnations from every corner of the world.

Iraq, however, seemed to take no heed of all this and went so far as to declare its installed provisional government in Kuwait as a "republic" on Tuesday. One day later that it announced the "merger unity" of this "republic" with Iraq in a move no different from annexation [sentence as received].

All the moves, though ridiculed by the world, were regarded by Iraq as a "heroic feat" and the regime continues to be bent on having its own way. Over the past few days, it has reinforced troops, mobilized its "popular army" and increased military buildup along the Kuwaiti border with Saudi Arabia in an apparent bid to make more gains.

The increased tension in the gulf raised jitters among Arab countries. Following a wave of condemnations, these countries have begun pondering on specific measures to find a solution "within the Arab framework" so as to head off disastrous consequences. One of the measures being discussed is to set up a "pan-Arab force."

On Wednesday, Egypt's President Hosni Mubarak called for an emergency Arab summit to tackle the "explosive developments" in the Gulf after warning Iraq of a possible "destructive" strike by Western powers. His call has been answered by most Arab countries and the summit is scheduled to open in Cairo Friday.

Despite the dim prospects for the gathering because of Iraq's intransigence, King Hussein of Jordan called the summit "the last chance" for Arab countries to find a

peaceful solution of the crisis, reflecting a strong Arab desire to solve the problem by Arabs themselves.

The crisis has also drawn strong reaction from the United States and other Western countries which always regard the oil-rich Gulf as a region of "strategic importance." U.S. Secretary of Defense Richard Cheney made an urgent tour of Saudi Arabia, Egypt and Morocco following the invasion. U.S. Secretary of State James Baker, who is now in Turkey, will head for Brussels for consultations with NATO foreign ministers on the issue.

Moreover, U.S. President George Bush declared Wednesday the dispatch of "elements of the 82nd Airborne Division, as well as key units of the United States Air Force" to Saudi Arabia "in the defense of its homeland."

But analysts pointed out that the presence of U.S. troops could be more than "defensive." Bush made it clear in his address that the United States "is committed to the security and stability of the Persian Gulf" and "no one commits America's armed forces to a dangerous mission lightly."

In addition to the 46,000-strong U.S. combat troops to be deployed in the Gulf, Bush has called for the creation of a multinational force to defend the oil giant Gulf state that faces "an imminent danger." Britain has also agreed to contribute to the multinational military effort.

Meanwhile, about 150 U.S. jetfighters and bombers have been added to the American military presence in the Gulf while other air reinforcements are under way from the U.S. and elsewhere.

The U.S. has also increased its naval buildup in the Gulf as more than 30 warships have entered or are moving toward the region.

Observers here anticipate a U.S. Naval blockade against Iraq before long and if the situation deteriorates, the possibility of an air strike by the U.S. will not be ruled out.

In face of such an imminent danger and uncertainty, people hope that tension will soon be reduced and peace return to the region although they know their wishes will not be easily realized.

Doubts Noted on Kuwaiti Loan for Shenzhen Airport

HK1008021190 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 10 Aug 90 p 1

[By Geoff Crothall]

[Text] Shenzhen officials were last night anxiously trying to confirm whether they could still draw down a US\$28 million loan from Kuwait to finance the construction of Shenzhen airport.

The loan agreement was signed by the Kuwait Foundation in Beijing in March but was not due to be drawn down until October when the basic airport facilities have been completed.

"We have been trying to get confirmation from the lenders that the loan is still on ever since the Iraqi invasion, but the situation is still very confused," a government spokesman said yesterday.

"The central government in Beijing is also trying to determine the effect of the invasion on Kuwaiti loans to China but we have not heard any definite news from there," he said.

Apart from the Shenzhen airport, China has also used or planned to use Kuwaiti funds for the development of phase two of Xiamen airport, Jinzhou harbour in Liaoning and Jinan airport in the eastern province of Shandong.

Phase two of Xiamen airport, due to get under way later this year, is seen as a priority project for southeast China that is essential to cope with the influx of Taiwanese investors, and as a direct air link between Taiwan and the mainland.

Xiamen officials contacted yesterday were unaware of how the current situation in the Gulf might affect the loan, saying the central government was handling the matter.

Should the authorities in Shenzhen be unable to draw down the loan because of the Iraqi takeover of Kuwait, the local official admitted that the special economic zone would be hard pushed to find alternative sources of finance at such short notice.

The loan would be used to buy communications, air traffic control and meteorological equipment, lighting and vehicles for the airport. Without it, the airport opening, scheduled for June next year, would almost certainly be delayed.

Although China has so far not agreed to freeze Kuwaiti assets, it is bound by the recent United Nations resolution calling for tough economic sanctions to be imposed on Iraq and Kuwait.

Asked what effect the UN resolution and a possible freezing of Kuwaiti assets would have on Kuwaiti loans to China, the official replied: "I don't know, this is not a situation we have encountered before."

Sports Leaders Mourn Kuwaiti Official's Death

OW0908032890 Beijing XINHUA in English 1424 GMT 8 Aug 90

[Text] Beijing, August 8 (XINHUA)—China's top-ranking sports officials Wednesday mourned over the death of Sheikh Ahad al-Ahmad al-Sabah, who died during the recent Iraqi invasion of Kuwait.

The sheikh, 45, is the younger brother of Kuwait's ruling emir, Sheikh Jabir al-Ahmad al-Sabah.

He was president of the Kuwaiti National Olympic Committee and the Olympic Council of Asia (OCA), member of

the International Olympic Committee (IOC), and vice-president of the International Football Federation (FIFA), the Association of National Olympic Committees and the International Handball Federation (IHF).

In their messages of condolences to the family of the sheikh, the Kuwaiti National Olympic Committee, the OCA and the IOC, they highly praised his deeds and contributions to the Olympic movement, the sports of Asia and the whole world.

He was described as "a noted international sports promoter," "an important leader of Asian and world sports" and "a good friend of the Chinese people," and his death as "a major loss to the Asian and world sports."

In their message to the family of the passed, Chen Xitong and Wu Shaozu, president and executive president of the 11th Asian Games organizing committee, guarantee their utmost efforts with their colleagues in Asian sports circles to make the Beijing Asian Games a great success.

Sub-Saharan Africa

Burkina Faso Receives PRC Government Delegation

OW0508054890 Beijing Domestic Service
in Mandarin 1600 GMT 3 Aug 90

[From the "International News and Current Events" program]

[Text] Compaore, head of state of Burkina Faso, received members of a Chinese Government economic delegation headed by Wang Wenzhong, vice minister of foreign economic relations and trade, in Ouagadougou, yesterday [2 August] morning.

The host and the visitors had a cordial and friendly conversation.

Speaking on the relations between the two countries, Compaore said that he was thankful for the Chinese Government's many years of assistance to Burkina Faso and that he was satisfied with the friendly cooperation between the two countries.

He said: Politically, Burkina Faso and China sympathize and support each another, and economically they are making efforts to develop their national economies and improve their peoples' living conditions. China and Burkina Faso are similar in many areas.

Commenting on current international issues, Compaore said: The people of each and every country must take their destiny in their own hands. The people of Burkina Faso choose the revolutionary course and they will firmly adhere to this course no matter how the international climate changes.

Wang Wendong said that strengthening the cooperation among Third World countries is of special immediate significance under the current situation.

Wang Wendong also briefed Compaore on China's domestic situation.

During the audience, Wang Wendong conveyed to Compaore the best regards of General Secretary Jiang Zemin, President Yang Shangkun, and Premier Li Peng.

Compaore also asked Wang Wendong to convey his best regards to the Chinese leaders.

China Among Exhibitors at Lagos Trade Fair

OW0808042090 Beijing XINHUA in English 0009 GMT
8 Aug 90

[Text] Lagos, August 7 (XINHUA)—The 10th Lagos International Trade Fair will begin on November 2 and 800 exhibitors are expected to participate in the fair.

The Soviet Union, China, Britain, West Germany, Romania, France, India, and many African countries have already signified their intention to participate in the trade fair.

Dayo Sonuga, deputy president of the Lagos Chamber of Commerce and Industry and organizer of the fair, told journalists on Monday that the trade fair is aimed at promoting a better understanding of Nigeria's economy by other countries.

He said commodities at the trade fair will include nonoil export products, agricultural, and agroallied products, gas and petro-chemicals, industrial and production machinery.

Sources at the chamber disclosed that member countries of the Economic Community of West African States (ECOWAS) will be given a discount on the charges for display stands in order to attract and encourage them.

The 9th Lagos International Trade Fair was held last year with 616 exhibitors.

Rwandan Visitors Meet With Chinese Officials

Vice-Premier Wu Xueqian

OW0708075790 Beijing XINHUA in English 0644 GMT
7 Aug 90

[Text] Beijing, August 7 (XINHUA)—Chinese Vice-Premier Wu Xueqian met Edouard Karemera, member of the Central Committee of the National Revolutionary Movement for Development and member of the National Development Council of Rwanda, and his party here today.

CPPCC Official

OW0608132090 Beijing XINHUA in English 1229 GMT
6 Aug 90

[Text] Beijing, August 6 (XINHUA)—Qian Zhengying, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], met here this evening with Edouard Karemera, member

of the Central Committee of the National Revolutionary Movement for Development and member of the National Development Council of Rwanda.

During the meeting, Qian recalled her visit to Rwanda in 1988, hoping that the Sino-Rwandan relations would continue to grow.

The Rwandan visitors came here as guests of the National Committee of the Chinese People's Political Consultative Conference.

He Qizong Leads PLA Delegation to Zimbabwe

OW0908004790 Beijing XINHUA in English 1435 GMT 8 Aug 90

[Text] Beijing, August 8 (XINHUA)—A Chinese goodwill military delegation led by Lieutenant General He Qizong, deputy chief of general staff of the Chinese People's Liberation Army (PLA), left here for Zimbabwe to attend the 10th founding anniversary of the Zimbabwean Armed Forces and on a visit.

They were seen off at the airport by Lieutenant General Han Huaizhi, also deputy chief of the PLA general staff.

Government Donates Sewing Machines to Zimbabwe

OW0908024390 Beijing XINHUA in English 1822 GMT 8 Aug 90

[Text] Harare, August 8 (XINHUA)—The All China Women's Federation today donated eight sewing machines and more than 230 toys to the Zimbabwean Women's League.

Chinese Ambassador to Zimbabwe Song Quoqing presented the donation to the Zimbabwean side on behalf of the All China Women's Federation.

Receiving the donation at the headquarters of the Zimbabwe African National Union (Zanu-Patriotic Front) here, Sally Mugabe, secretary of the Zimbabwean Women's League and wife of President Robert Mugabe, paid tribute to the long-standing relationship between China and Zimbabwe, which can be traced to the time of the Zimbabwean liberation struggle.

West Europe

State Councillor Song Jian Meets FRG Visitors

OW0308134790 Beijing XINHUA in English 1336 GMT 3 Aug 90

[Text] Beijing, August 3 (XINHUA)—State Councillor and Minister in charge of the State Science and Technology Commission Song Jian met here today with Dr. B. Wagner, director of the No. 3 office of the federal chancellor's office of the Federal Republic of Germany, and his party.

They expressed the hope to continue expanding scientific and technological cooperation between the two countries.

Jiang Zemin Holds Talks With Italian Senator

OW0908103890 Beijing XINHUA in English 1014 GMT 9 Aug 90

[Text] Beijing, August 9 (XINHUA)—General Secretary of the Chinese Communist Party Jiang Zemin met Italian Senator Vittorino Colombo here this afternoon.

Jiang extended welcome to his guest and answered his questions about European situation and China's reform and open policy.

Colombo came to visit China at the invitation of the Chinese People's Institute of Foreign Affairs.

Latin American & Caribbean

Sino-Chilean Scientific Commission Holds Meeting

OW0808005190 Beijing XINHUA in English 1927 GMT 7 Aug 90

[Text] Santiago, August 7 (XINHUA)—The fifth meeting of the mixed Sino-Chilean Commission on Scientific and Technological Cooperation was launched Monday here in the capital.

The inauguration was attended by the executive vice president of China's State Commission on Science and Technology, Jiang Minkuan, and the sub-director of Chile's Ministry of Cooperation and Planning, Alvaro Garcia.

In a speech, Garcia said the meeting was of special significance to Chile and added that his government looked forward to cooperating closely with China and promoting further collaborative projects between the two countries.

Jiang Minkuan, in turn, said China placed importance on its cooperation and exchange with Chile in the fields of science and technology and on cultivating the friendly relationship that exists between the two nations.

A basic scientific and technological cooperation accord between Chile and China has contributed substantially to a better understanding of recent advances and experiences in different areas of interest, including the more efficient use of natural and human resources.

Both nations appear to be satisfied with the results of some 20 cooperation projects the two agreed to during the fourth mixed commission meeting in 1988.

Colombian President Meets Chinese Special Envoy
*OW1008081890 Beijing XINHUA in English 0537 GMT
10 Aug 90*

[Text] Bogota, August 9 (XINHUA)—New Colombian President Cesar Gaviria Trujillo Thursday received Chinese special envoy Zhu Xun, who came here to attend Gaviria's inauguration ceremony.

President Trujillo and Zhu, Chinese minister of geology and mineral resources, held cordial and friendly talks. Trujillo praised Colombia's good ties with China and pledged to further improve them.

The special envoy presented President Trujillo with a congratulation letter from Chinese President Yang Shangkun, in which Yang also invited Trujillo to visit China.

Willing to look for an opportunity to meet with Yang, Trujillo said he wished to pay another visit to China which he saw in 1984, when he was president of the Colombian House of Representatives.

The meeting was also attended by Chinese Ambassador Wang Yusheng and Counsellor Tang Bosheng, who are part of the special delegation, and by Colombian vice-minister of foreign affairs, Rodrigo Pardo.

Coins Society Accepts Gift From Peru

*OW0908055290 Beijing XINHUA in English 1421 GMT
8 Aug 90*

[Text] Beijing, August 8 (XINHUA)—Peruvian Ambassador to China Roberto Villaran Koechlin, entrustee by the Peru Coins Society, presented China with 60 Peruvian coins made in the 19th and 20th centuries. Tong Zengyin, deputy governor of the People's Bank of China and president of the China Coins Society, accepted the coins on behalf of the China Coins Society.

Thanking Peru for the gifts, Tong expressed the hope that there will be more exchanges in coins in the international community as coins reflect history and culture of various countries.

Political & Social**Mainland Press Banned From Live Taiwan Coverage***HK1008042590 Hong Kong MING PAO in Chinese
10 Aug 90 p 8*

["Propaganda Department of the CPC Central Committee Bans Guangdong Television Station From Gathering News in Taiwan"]

[Text] News from Guangzhou: Under pressure from Beijing, the plans of a Guangdong TV Station crew, which wanted to be the first journalists to visit Taiwan to cover the news there, have been suspended.

On 1 August this year, Taiwan authorities lifted the ban on mainland journalists who wanted tour and cover Taiwan, marking the opening of the island's doors to mainland newsmen for the first time in 40 years. It has been learned that as early as the first half of this year, press organizations in Guangdong rolled up their sleeves and waited for the time to come. Some organizations even submitted their coverage plans to the relevant central department, in the hope that their reporters would become the first to break the Taiwan news blockade.

Among the many press organizations on the mainland, Guangdong TV Station, which has always been flexible, seemed to be the most efficient. In late June, the station applied to Taiwan for permission to send a six-man TV crew there to cover what athletes were doing to prepare for the Beijing Asian Games. At that time, however, Taiwan authorities had not yet promulgated the regulations regarding press activity, so the station had to fax their application to the Taiwan China Olympic Committee in the hope that the latter could somehow act as a bridge. It has been learned that the Guangdong TV Station's plan won energetic support from relevant provincial authorities and Li Ching-hua, vice chairman of the Taiwan China Olympic Committee, also gave verbal assurance that he would help.

However, just as everything was about ready, instruction came recently from the Propaganda Department of the CPC Central Committee in Beijing, ordering a halt to the applications by Guangdong TV and all other press organizations, to gather news in Taiwan. Meanwhile, outsiders and grass-roots organizations in press circles were to be told this story: "Taiwan does not approve of this."

According to disclosures, the instruction from the Propaganda Department did not specify the reason for ordering the suspension of all applications to visit Taiwan. It is generally believed, however, that this gesture was a retaliation at Taiwan authorities because the latter had made things difficult for CPC members to visit Taiwan. Many journalists in Guangdong are apparently unhappy about this rigid restriction from the Central Propaganda Department.

Some TV programmers are wondering: Though it is very unreasonable of Taiwan authorities to require CPC members wishing to visit Taiwan to take an oath to leave the party first, there are still many reporters and cameramen who are not CPC members. Since the purpose is to break the news blockade between the two sides, what is the point of denying those non-CPC members of their right to visit Taiwan?

According to some sources, the "ban" from the Central Propaganda Department has not only made the wish of the Guangdong TV Station reporters to become the first mainland journalists to visit Taiwan disappear into thin air, but also affected an important promotion project of this station that is designed to appear with next month's Beijing Asian Games. It may well be said that the Guangdong TV Station has spared no effort in promoting the Asian Games. For the past two months or more, this station has sent its camera teams to a dozen countries and regions in Asia to cover the preparations that the athletes were doing there and has planned a serial report on this subject. It is said that the application for coverage in Taiwan is one of the most important parts of this project for, if they could get ahead of all their peers, it would become an instant sensation. And if they could screen all the recent preparations that Taiwan contestants have been making, it would make this serial report more well-rounded and complete. Therefore, the station and relevant officials in the province have all paid a lot of attention to this issue. But, regrettably, things have gone contrary to their wishes.

Wang Zhen's Remarks, Li Ruihuan's Position Noted*HK1008101690 Hong Kong CHING PAO in Chinese
No. 157, 10 Aug 90 pp 32-33*

[Article by Liu Pin (0491 2430): "Li Ruihuan Acted Under Orders To Handle the WENHUA BAO Incident"—first paragraph is CHING PAO introduction]

[Text] Li Ruihuan was "besieged" respectively by leftists from the CPC Central Committee's Propaganda Department, RENMIN RIBAO, and the Ministry of Culture; he became impatient, and reported to Deng Xiaoping, who supported him, and instructed him to personally handle "the WENHUA BAO incident." It has been alleged that the editor-in-chief of ZHONGGUO WENHUA BAO has been dismissed from his post.

CHING PAO's Report Has Been Confirmed

In Beijing, a popular saying goes as follows: "At present, old men of 80 years ask old men of 70 years to study a retirement scheme for old men of 60 years." These words point to the grievances among the people against the old politicians who, although in their seventies or eighties, indulge in their power and manipulate politics from behind-the-scenes.

Despite the people's grievances, the situation does not change. There is no need to look back further. Since July, Wang Zhen, the vice president, a veteran in the CPC,

and 82 years of age, has appeared frequently in public, meeting guests from central Africa, Japan, and Zambia, talking freely about the situation on behalf of the old men. He is afraid of being lonely, and that can be seen clearly.

However, the words of Wang Zhen are worth pondering. On 11 July, Wang Zhen met the delegation of the central African council led by the president of the National Assembly of Togo, and said that the second generation of collective leadership of the CPC with Comrade Deng Xiaoping as the center, and the plenary session of the CPC Central Committee, had selected Comrade Jiang Zemin, Comrade Li Peng and others as the third generation of the collective leadership. This new collective leadership is young and strong, and "we the old comrades fully support their work. This is a very important guarantee for our long-term and stable development." He continued: In the external affairs, we do not lean toward any big powers.

These words of Wang Zhen confirm an article entitled "Deng Xiaoping Makes Final Arrangements," carried in CHING PAO's July issue, which disclosed Deng Xiaoping's speech made in early June at the meeting on lives of CPC veterans. At the meeting, Deng commended the current CPC Standing Committee for having vigor, saying that it was the most capable group of leaders since the founding of the nation. In particular, Deng stressed: "In the next several years, or even in the next decade, the leadership group with Jiang Zemin at the core should not change or greatly change. When there is change, there is confusion, and hence retrogression." At Deng's demand, the veterans participating in the meeting expressed their full support for the Central Committee with Jiang Zemin at the core. Deng also mentioned that in the future China will not lean toward either the United States or the Soviet Union and will make decisions independently. Wang Zhen's words to the foreign guests obviously came from this instruction of Deng.

On 24 July, Wang Zhen met Zambia's Prime Minister Masheke and his entourage, and made a slightly different remark when talking about the third generation of the collective leadership of the CPC. He said: "At present, the new CPC collective leadership with Jiang Zemin at the core is very strong," without adding "Li Peng" after "Jiang Zemin." It has been alleged that his speech was made strictly in line with instructions, which were possibly Deng Xiaoping's, because Deng had always said "with Jiang Zemin at the core." Wang Zhen also said to his guests that the old fighting companions of Mao Zedong, such as Deng Xiaoping, Chen Yun, Li Xian-nian, and Peng Zhen, were still healthy. "Although Comrade Deng Xiaoping has retired, he enjoys high prestige among the Chinese people."

These words of Wang Zhen have a purpose. His discussions at home and abroad were clearly in reference to the political situation in China, and emphasized that China's political situation is stable, that the leadership with Jiang Zemin at the core, which is supported by the

CPC veterans who can still influence the political situation, is very strong, and that it is an important guarantee for a stable political situation in China, and its members will not change easily.

However, When Wang Zhen talked about who was at the core of the third generation of the CPC leadership to the foreign guests, he sometimes mentioned only Jiang Zemin by reciting the copy of instructions, and sometimes tried a different version by mentioning both Jiang and Li in an attempt to conceal the conflict, which was revealed nevertheless.

The Leftist Attack Li Ruihuan

In fact, conflict within the CPC is an objective existence, which cannot be concealed. Mao Zedong said: "It would be very strange if there were no cliques inside the party."

According to informed persons in Beijing, the allegation which has been circulating since June that the "leftists" of the CPC Central Committee's Propaganda Department and of the Ministry of Culture, "besieged" Li Ruihuan, member of the Standing Committee of the Political Bureau in charge of ideological work, in a step-by-step and deliberate manner is indeed fact, not fiction. If this is not conflict within the party and struggle between hard-liners and moderates, then what is it?

Informed persons said that there were two rounds of struggle between "besieging" and counter-"besieging."

The first round was waged by the Central Committee's Propaganda Department and RENMIN RIBAO. It began on 28 April when Li Ruihuan attended, by invitation, a work meeting of RENMIN RIBAO's domestic reporters, and made a two-hour speech. Talking about the 4 June incident, Li Ruihuan said explicitly that the students and the people were not the only ones to be blamed for the 4 June incident, that the main responsibility should be shouldered by the Central Committee, and that this responsibility should not all be pushed on Zhao Ziyang, on the grounds that many decisions at that time were agreed upon collectively by the Central Committee. Talking about the rectification work after the 4 June incident, Li Ruihuan also criticized the practices of some leaders of RENMIN RIBAO, and used vivid analogies to explain that conflict cannot be solved by struggle alone. Li Ruihuan's speech was eagerly applauded by the reporters at the meeting, but provoked RENMIN RIBAO director Gao Di, who openly expressed his grievances at the meeting, saying that Li Ruihuan's speech was not in line with the spirit of the Central Committee and that Li Ruihuan does not have the right to oversee the internal affairs of RENMIN RIBAO, etc. Li Ruihuan replied in an agitated tone, saying that as long as he is in his position, he has the right to supervise. Gao Di wanted to speak again but most of the participants in the meeting had already left, causing Gao Di great embarrassment. But Gao Di has not dropped the issue. On 30 April, when RENMIN RIBAO reported on the meeting, not only was Li Ruihuan's view on the 4 June incident totally omitted, but even his

remark that struggle alone cannot solve conflict was boldly changed to only struggle can solve conflict. It has been alleged that the man who changed the wording was Xu Weicheng, deputy head of the Standing Committee of the Propaganda Department.

The second round of the struggle was waged by the Ministry of Culture. It began on 24 June, when the Ministry of Culture, with He Jingzhi as its acting minister, carried on the first page (except for the space for an editorial) and on the second page of ZHONGGUO WENHUA BAO—a newspaper run by the ministry—the instructions of Deng Xiaoping, Jiang Zemin, and Li Peng on the problem of ideology, given since last June and until this June, under the headline "The Central Committee's Instructions on the Problem of Ideology," but did not carry a single word from Li Ruihuan, who was in charge of ideological work and a member of the Standing Committee of the Political Bureau. In the editorial entitled "The Whole Party Obeys the Central Committee," the newspaper accused some people of "ignoring" the speeches delivered by the Central Committee's leading comrades on behalf of the Central Committee and of having interest only in the so-called "new spirit." The editorial also condemned the practice of "creating ideological confusion, and providing opportunities for those engaged in bourgeois liberalization and those engaging in political conspiracy." A person with good sense will realize at a glance that the so-called "new spirit" refers to a series of moderate speeches on ideological work by Li Ruihuan since he took office, and that "those engaging in political conspiracy" refers to Li Ruihuan himself.

Editor-in-Chief of WENHUA BAO Dismissed From Post

The source continued: Since Li Ruihuan took office, he was repeatedly hindered by leftists from the departments overseeing ideology and was very angry; thereafter, he was "besieged" by the leftists of the Central Committee's Propaganda Department, RENMIN RIBAO, and the Ministry of Culture to the extent that he lost his patience and reported the case to Deng Xiaoping. Deng Xiaoping pointed out that the "WENHUA BAO incident" was a serious political event involving a lack of organization and discipline and that it must be completely looked into. Deng Xiaoping also instructed Li Ruihuan to personally handle the matter. According to reports, Li Ruihuan has already dismissed the editor-in-chief of ZHONGGUO WENHUA BAO, severely criticized He Jingzhi and others, and demanded that Xu Weicheng thoroughly investigate the case.

People in Beijing's cultural circles think that the Propaganda Department and the Ministry of Culture dared to attack their direct boss Li Ruihuan because they have someone to back them up. The incident indicates that there has been an emergence of extreme leftist forces which attempted to control the ideological field for the purpose of a complete resurgence. This time, Deng Xiaoping has supported Li Ruihuan, who may risk losing

Deng's favor if he does not discipline himself. This is because Deng Xiaoping is opposed to leftists and rightists in order to balance power, but when the conflict between leftists and rightists intensifies, he will abandon the rightists for the leftists. That Hu Yaobang and Zhao Ziyang have stepped down one after another is clear proof.

Jiang Zemin Addresses Tibetan Leaders

OW0908213090 Lhasa Tibet Television Network
in Mandarin 1200 GMT 8 Aug 90

["Special News: The Hearts of General Secretary Jiang Zemin and All Nationalities in Tibet Are Linked Together"; from the "Tibet News" program]

[Text] [Video shows Jiang Zemin and other leaders arriving by bus, and entering the conference hall amid applause. Video then shows Hu Jintao delivering an opening speech, followed by Jiang giving an address.] On the afternoon of 24 July, Tibet's majestic Hall of the People was in a festive mood. The Tibet Autonomous Region was holding a solemn rally of party, government, and military cadres. Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission, attended the rally and made an important speech.

Shortly after 1600, when Jiang Zemin, general secretary of the CPC Central Committee; Ding Guangen, member of the Secretariat of the CPC Central Committee; Chi Haotian, chief of the General Staff of the People's Liberation Army [PLA]; and other leading comrades walked up to the rostrum, every comrade rose to his feet and gave them a long applause. Among those sitting in the front row of the rostrum were Hu Jintao, secretary of the autonomous regional party committee; Pagbalha Geleg Namgyai, vice chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee; Raidi and Gyaincain Norbu, deputy secretaries of the regional party committee; Gan Ziyu, vice minister of the State Planning Commission; (Mao Meicheng), director of the Policy Research Center of the CPC Central Committee; Gu Shanqing, political commissar of the Chengdu Military Region; and Jiang Hongquan, commander of the Tibet Military District.

The rally was presided over by Comrade Hu Jintao. He said: Our general secretary and chairman of the Central Military Commission, Comrade Jiang Zemin, has taken time out of his busy schedule to come and inspect and supervise work in Tibet. He brings us the kind attention of the party Central Committee, the State Council and the Central Military Commission, and the deep affection of every nationality in the country for all the nationalities of Tibet. This is a great encouragement for us.

Comrades at the rally welcomed the important speech by Comrade Jiang Zemin with warm applause.

[Recorded portion with remarks by Jiang Zemin indistinct]

He said: I congratulate you all for the successful convening of the 4th Tibet Autonomous Regional CPC Congress. On behalf of the party Central Committee and the State Council, I extend to you my regards, and through all of you here, I extend my regards to all party members as well as to the cadres and people of every nationality in Tibet, the officers and men of the PLA and armed police units stationed in Tibet, and patriots of all nationalities and all walks of life. The indelible deeds you have done during the 40 years of socialist revolution and construction in Tibet bring honor to the Chinese people. Everyone in China thanks you. The party Central Committee thanks you. On behalf of the party Central Committee, the State Council and the Central Military Commission, I offer you my highest regards.

A few days ago, you held your fourth autonomous regional party congress. Comrade Hu Jintao delivered a very good report at the very successful congress. The leadership elected by the congress is a good one. It can be said that the analysis made by the regional party committee of the achievements and problems in the past seven years has been objective. The goals and principal tasks of the future, and the policies and measures adopted to realize them, are in line with the realities of Tibet. The day before yesterday, we heard work reports by the regional party committee and people's government. In the last two days, we also visited the Lhasa Carpet Factory, the Tibet Hospital and the Number One Lhasa Primary School; called on PLA and armed police units stationed in Tibet; held discussions with grass-roots cadres and representatives of the masses from Lhasa City's (Chengguan) District; and met with nonparty figures. I feel that the situation in Tibet is good. First, the political situation is stable. Next, the economy is developing steadily. The regional party committee and people's government have insisted that the central task is economic development, and fulfilled the goals of stabilizing the situation and developing the economy simultaneously.

The decisions of the Fifth Plenary Session of the 13th CPC Central Committee are being implemented. Further progress has been made in economic readjustment and the intensifying of reform. Urban and rural markets are thriving, and the people live and work in peace and contentment. Stability, development, and prosperity are the common wish of all nationalities and people in all walks of life in Tibet. As for the future tasks in Tibet, I agree with the guiding ideology put forward in your regional party congress: insisting on the central task of economic development and grappling with the two jobs of stabilizing the situation and developing the economy in order to assure permanent peace and stability in Tibet and to assure steady, stable, and coordinated economic growth; and to assure a marked improvement in the people's living standards.

How will you accomplish the three assurances you proposed? Conducting in-depth struggle against splittism and further stabilizing the situation in Tibet are still the primary tasks of party and government organs at all levels. To stabilize the situation in Tibet, we must firmly rely on the people of all nationalities. The vast numbers

of peasants, herdsmen, workers, and intellectuals are our underlying support, the main force for stabilizing the situation and conducting our struggle against splittism, and the basis of our strength and victory. At the same time, we must strengthen the ranks of public security, procuratorial and judicial organs, and use the power of the people's democratic dictatorship to strike at the enemy and to protect the people. PLA and armed police units stationed in Tibet must always remember the great trust placed in them by the party and the people. They must truly shoulder the responsibility of fighting encroachment from without and splittism from within, defending the frontier, and safeguarding social stability. They must work together with all nationalities in Tibet to buttress the defense line along the southwestern frontier of the motherland.

Party organizations at all level must firmly establish the idea that economic development is the central task and do everything possible to promote it while making efforts to stabilize the situation. The main tasks of economic development in Tibet for the present as well as for a long time to come are laying the groundwork, developing agriculture and animal husbandry, developing the energy and communications sectors, and training qualified personnel.

Agriculture and animal husbandry are the mainstay of Tibet's economy. To develop them, we must rely on policies, science, and inputs. First, Tibet's present policy of allowing each household to cultivate and manage its own plot of land and the livestock it rears must remain unchanged. These policies conform with efforts to increase production in agriculture and animal husbandry and should be continued. They should be reviewed and refined regularly in order to give them a new lease on life. The autonomous region's proposal on the comprehensive development of the river basins of (yi jiang liang he) is a far-sighted and important project. We must motivate and rely on all nationalities in Tibet to develop socialism so that everyone will care for, support, and take part in the development of these river basins, and offer suggestions and support to ensure the success of this project, which will benefit future generations.

Energy and communications are the prerequisites for economic development in Tibet. In the next few years, the focus will be on the (?Yamzho Yumco) power station and its supplementary projects, and the Yangbajing geothermal power station. Transportation is the lifeline of Tibet's economy. Under the present situation, roads remain the main form of transportation in Tibet and more effort should be made to develop air transport. One important method to increase income and economic strength is to develop the processing and tourism industries. We must develop some new and suitable processing industry, based on the capacity of our energy and communications sectors, market demand and economic skills, by conducting feasibility studies, and gradually revive and develop the tourism industry. In short, on the principle of developing steadily, we should gradually

transform Tibet's advantage in resources into an economic advantage for advancing economic and social development. To ensure permanent peace and stability in Tibet and to speed up its pace of economic development so that the people can become well-off more rapidly, we must devote greater efforts to training minority ethnic cadres who resolutely defend the integrity of the motherland and national unity, maintain close ties with the people, are armed with the Marxist nationalistic view, and the religious view, have a strong sense of revolutionary cause and responsibility, and possess certain capabilities.

[Video continues to show Jiang Zeming delivering a speech, with intercuts of pan shots of the audience] Making Tibet prosperous is not only a responsibility of the people of all nationalities in Tibet, but also a common responsibility of the Chinese nation. Over the past decades, a large number of cadres of the Han and other nationalities have carried out the glorious task of supporting the frontier. They have overcome difficulties related to family, health, the living conditions, and other reasons, and worked assiduously in a harsh environment; and contributed their part and dedicated their youthful years and healthy bodies to Tibet's revolution, construction, prosperity, and progress, resulting in the appearance of a number of advanced, model cadres. Some comrades have even sacrificed their lives. This will never be forgotten by the people of all nationalities in Tibet. In the days to come, it is imperative that we adhere to the principle that the Han people cannot be separated from the people of minority nationalities and vice versa. Based on the requirements, some professional technicians necessary to Tibet's construction and reform should be transferred to this region.

To speed up the training of qualified personnel, attention should be paid to education. Party and government organizations in Tibet and their leaders at all levels should understand and handle the development, improvement, and promotion of education; the training of qualified personnel; and the raising of the scientific and cultural level of people of all nationalities in Tibet as matters of strategic importance. To develop education in Tibet, it is necessary to persist in the principle of walking on two legs. First of all, it is necessary to do this work on the basis of the region's needs. That is, a good job should be done in running schools of all categories and at all levels in the region with an emphasis on strengthening basic education. At the same time, continued efforts should be made to successfully run the various types of internal Tibetan classes [nei di Xizang ban]. In accordance with China's national conditions and Tibet's regional conditions, we should strengthen education in patriotism and socialism so that the broad masses of students will know, from childhood, that Tibet is a sacred, inalienable part of the great family of the motherland and that without the CPC, there would be no new socialist Tibet. This will make them more consciousness about safeguarding the unification of the motherland, maintaining national unity, opposing splittism, and

abiding by discipline and law. In this way, schools of all categories and at all levels will become real fortified fronts for training successors to carry on the cause of socialism.

Achieving the equality, unity, and common prosperity of all nationalities is the party's basic principle in dealing with nationalities issues. Didn't Comrade Hu Jintao just say that the hearts of people of all nationalities in our country are linked to each other? The hearts of the party Central Committee and the State Council are also linked with yours. We share weal and woe and have the same fate. In Tibet, an autonomous region of minority nationalities containing an overwhelming percentage of Tibetans, all tasks are closely connected with nationalities work. Cadres of all nationalities should hold the same position as the party and the people; discard prejudice concerning different nationalities and localities; and continue to show concern and respect for, and a willingness to learn from, help, and support each other.

Efforts should be made to develop the broadest patriotic united front. During nearly 40 years of revolution and construction, patriots of all nationalities and from all communities in Tibet have cooperated and worked together with our party and undergone tests of one kind or another. They are a major work force that is completely trustworthy. We should unswervingly close ranks with them; support them in the administration and discussion of state affairs; respect and give play to their role in political consultation and democratic supervision; and see to it that patriots of all nationalities and from all communities will, with ease of mind, unite more closely under the banner of patriotism and socialism, and apply themselves to the great cause of building a new socialist Tibet characterized by unity, affluence, and culture.

The 10th generation of Banqen Erdini Qoigy Gyancan was a great patriot and renowned statesman of our country, a faithful friend of the CPC, and an outstanding leader of Tibetan Buddhism in China. It has been more than a year since Banqen passed away, but even today people throughout the country still cherish the memory of his significant contributions to safeguarding the unification of the motherland; promoting the unity of the Tibetan and Han people, as well as people of all nationalities in the country; and building socialism with Chinese characteristics.

Upholding the party's leadership is a basic guarantee for the success of the cause of revolution and construction in Tibet. It is also a correct choice made by the people of all nationalities in the country, including the people of Tibet, through the long course of struggle. From their own experience in achieving emancipation and forsaking poverty to become better off, people of all nationalities in Tibet have come to thoroughly understand that without the Communist Party's leadership, there would be no new socialist Tibet or the affluence and happiness

of its people. The people of all nationalities in Tibet have profound proletarian feelings toward the Communist Party.

Great attention should be paid to providing education in the basic Marxist theories as well as the basic line and knowledge of our party to the broad masses of party members, particularly leading party cadres at all levels. Further efforts should be made to strengthen cadre ranks, especially in leading bodies at all levels. It is necessary to restore and carry forward the party's fine tradition and style and maintain close flesh-and-blood ties between the party and the people. Our party and government cadres, particularly leading party and government cadres, must uphold the principle that the people should be placed at the top and the masses are of primary importance. Cadres should frequently go deep into grass-roots units to conduct investigation and study and take the initiative to keeping in touch with the masses, listen to their opinions and appeals, be concerned about their production work and living conditions, solve their practical problems, and assist them in promoting production and developing the economy.

Comrades, the party Central Committee is fully confident of Tibet's stability and development and places great hope on the people of all nationalities in this region. To accelerate Tibet's economic development, the party Central Committee and the State Council will continue to implement special policies and flexible measures in Tibet. The policies for Tibet previously established by the party Central Committee, the State Council, and ministries and commissions at the central level will remain unchanged if practice has proved that they are in the interest of accelerating Tibet's economic development and helping its people shake off poverty and become better off. The party Central Committee and the State Council will, as always, provide Tibet with necessary support and assistance in terms of manpower, materials, and funds, and will continue to mobilize various provinces, municipalities, and autonomous regions to support Tibet in a coordinated way.

Concluding his speech, the general secretary said: [Begin recording] We sincerely hope that the cadres, staff members, and workers of all nationalities as well as the masses of people of all nationalities in Tibet will unite even more closely; display high spirits; work hard; and strive to build a new united, rich, and civilized socialist Tibet, to achieve the four modernizations, and to revitalize China. [end recording] [video shows audience applauding]

At the meeting, Secretary Ding Guangen and Chief of General Staff Chi Haotian also delivered speeches. [video shows closeups of these two individuals as their names are mentioned by the announcer]

Before the meeting ended, Comrade Hu Jintao said: Comrades, General Secretary Jiang Zemin has just given a very important speech filled with sentiment and earnest wishes. He fully affirmed Tibet's work and spoke

highly of party organizations; the vast numbers of Communist Party members, cadres, staff members, workers, and others among the masses; and the commanders and fighters of the Liberation Army and the armed police force, as well as patriots of all nationalities and from all communities in the region. This is a great inspiration and stimulus to us. During his inspection tour here, and especially in his important speech delivered at this meeting, General Secretary Jiang has given a number of important instructions on the work in Tibet. These instructions are very intensive, to the point, extremely practical, and point out the direction we should follow in order to achieve success in our future work in Tibet. We will certainly translate the solicitude of the party Central Committee into a desire to push ahead with all tasks in Tibet and do an earnest job to disseminate, study, and implement throughout the region the content of the speeches by General Secretary Jiang Zemin, Secretary Ding Guangen, and Chief of General Staff Chi Haotian. We will attain new achievements in maintaining long-term order and stability and in achieving prosperity and progress in Tibet as a way to ease the minds of the party Central Committee, the State Council, and the Central Military Commission, as well as the people of the entire country. [While announcer is quoting from Hu Jintao's speech, video shows a closeup of Hu, with intercuts of shots of the audience; after the end of the speech, video shows audience applauding]

[Video gives pan shots of those seated at the rostrum] Other leading comrades attending this regional meeting of party, government, and military cadres and seated at the rostrum were: Zhang Shengzuo, deputy head of the United Front Work Department of the CPC Central Committee; Jiang Jiafu, vice minister of the State Nationalities Affairs Commission; Zhang Youcai, vice minister of finance; Zeng Qinghong, deputy director of the General Office of the CPC Central Committee; and An Chengxin, deputy secretary general of the State Council; Tian Congming, Ba Sang, Mao Rubai, and Danzim, deputy secretaries of the Tibet regional party committee; Ma Lisheng, Zi Cheng, and Chen Hanchang, members of the Standing Committee of the regional party committee; Comrades Niu Ruizhou and Cao Xu of the regional advisory group; Pudoje, Lang Jie, Jangzhong Zhaxi Doji, Wang Guangxi, and Hu Songjie, vice chairmen of the Standing Committee of the regional People's Congress; Puquang, Gyamco, Tudao Doje, and Gong Daxi, vice chairmen of the regional people's government; Lhamin Soinam Lunzhub, Jimzhong Gyaincain Puncog, Lhalu Cewang Doje, Huokang Suolang Bianba, Tangmai Gongjue Baimu, Gongbasa Tudeng Jizha, Qaba Gaisang Wangdui, and (Wang Hailing), vice chairmen of the regional CPPCC committee; Li Yongtai, deputy air force commander; (Zheng Ti), deputy commander of the Second Artillery Corps; Yin Fatang, deputy political commissar of the Second Artillery Corps and former secretary of the party committee of the Tibet Military District; Zheng Xianbin, director of the Political Department of the Chengdu Military Region; Political Commissar Geng Quanli, Deputy

Commanders (Zhou Wenbi) and Xu Minggao, Deputy Political Commissar (Deng Yongliang), and Chief of Staff (Wang Haiqing) of the Tibet Military District; Yang Youcai, chief procurator of the regional people's procuratorate; and veteran comrades previously working in Tibet, including Hou Jie, Xi Jinwu, and (Li Changan). [Video gives a long shot of the meeting hall]

Before the opening of the regional meeting of party, government, and military cadres, General Secretary Jiang Zemin cordially received the participants, including relevant party and government comrades and representatives of intellectuals and retired veteran comrades. [Video shows Jiang Zemin walking past a group of people] He then had a picture taken with them. [Video shows Jiang Zemin and others posing for a photograph]

Supervision Organs Handle Officials in Violation

OW0908231590 Beijing XINHUA Domestic Service
 in Chinese 1249 GMT 8 Aug 90

[Text] Beijing, 8 Aug (XINHUA)— Supervision organs at various levels across the country have scored marked results by concentrating efforts on investigating and handling major and important cases.

According to statistics, supervision organs at all levels across the country, based on information provided by the masses, placed 23,645 cases on file for investigation in the first half of this year. The number of cases placed on file for investigation was equivalent to 129.9 percent of the number for the same period last year. In the first six months of this year, 15,781 cases were investigated and settled and 17,757 people who violated the law and discipline were punished; this was about 174.58 percent of the number for the same period last year. Among those punished were four officials at provincial or ministerial levels, 48 at departmental or bureau levels, and 738 at the county level. The number of cadres at the county level and above who were punished for wrongdoing corresponded to 164 percent of the number for the same period last year. Through handling of cases, supervision organs recovered 117 million yuan in economic losses for the state, which represented 117 percent of the figure for the same period last year.

According to the Ministry of Supervision, cases involving bribery and embezzlement placed on file for investigation totaled 8,085; they represented 34 percent of all cases put on file. The major cases included the following: Luo Yunguang, vice minister of railways, accepted a bribe of 20,000, a refrigerator, and a gold ring; he was removed from his post as punishment. Zhao Zhenlu, deputy director of the Hebei provincial press and publications bureau, exacted a bribe of 20,000 yuan. He, along with 22 others, used meetings to squander public funds. In two days, they spent 8,000 yuan of public funds just on feasting. As punishment, he was dismissed from his post. Kong Zhixing, vice president of the Zhejiang provincial international trust and investment company, accepted a bribe worth some 3,600 yuan. He was dismissed from his post as punishment.

Cases involving abuse of power for personal gain totaled 2,133, which represented nine percent of all cases placed on file. They included Liu Hesheng, president of the Henan provincial international trust and investment company, who used his position to have one of his subsidiary companies refurbish his house. He also bought carpets and household electric appliances costing some 12,000 yuan, with public funds. He was removed from his post as punishment. Zhang Shouye, deputy director of the Qinghai provincial light industry department, used his position to approve sales of coarse cotton cloth, chemical raw materials for papermaking and fabrics to some units from other regions. His wife obtained 3,600 yuan from those sales. As punishment, he was put on record as having made a serious mistake.

Cases involving violation of financial and economic discipline and policies totaled 3,510, representing 15 percent of all cases put on file. They included Yang Weilu, chief of the Heilongjiang provincial local railway bureau, who diverted some 7 million yuan in funds earmarked for local railway construction to other business activities not related to railway construction. He also accepted 1,000 yuan in cash from one of his subordinate units. He was dismissed from his post as punishment.

Speculation and profiteering and other illegal activity totaled 873, constituting three percent of all cases placed on file. They included Xu Ping, manager of the Huaxia Company in Shaanxi, who resold cashmere at a high profit. He also engaged in foreign exchange manipulation. He earned 355,000 yuan in illegal gains from these activities. He was removed from his post as punishment. A certain company under the agriculture, animal husbandry and fishery department in Guangxi Autonomous Region smuggled 19,000 kinescopes, which constituted a breach of discipline involving 20 million yuan. Leaders involved included He Jicai, deputy director of agriculture, animal husbandry, and fishery, who was dismissed from his post as punishment; Wei Jianguo, secretary general of the provincial government, who was demoted as punishment; and Qiu Guohua, director of the provincial overseas affairs office, who was put on record as having been given a demerit as punishment. Cases involving bureaucratism and dereliction of duty totaled 1,042, representing four percent of all cases placed on file. They included the former governor of Qinghai, Song Ruixiang, and Vice Governor Ma Yuanbiao, who were held responsible for uncontrolled gold mining in Qinghai's Kekexili region, which caused death and injury of personnel and major economic losses. They were, respectively, given an administrative warning and an administrative record of having committed a serious mistake as punishment.

Song Ping Speaks on Rural Organizations

SK0908134590 Jinan Shandong Provincial Service
 in Mandarin 2200 GMT 8 Aug 90

[Text] Song Ping, member of the Standing Committee of the CPC Central Committee Political Bureau, gave an

important speech on further improving and strengthening party leadership over rural work and achieving success in improving village-level organizations in rural areas throughout the country at the national forum on improvement of village-level organizations on the afternoon of 8 August. Song Ping pointed out: The issues on peasants and rural work in the present stage, in the final analysis, are that the party should strengthen efforts to improve village-level organizations with party branches as the core in line with the requirements of the basic line in the new period and should educate, lead, unite, and organize peasants to continuously improve agricultural productive forces, develop the rural economy, unswervingly follow the socialist road, and promote comprehensive progress in rural society.

Song Ping pointed out: The peasant issue has always been the basic issue in the revolution and construction of China. Whether the party can attract and rally the masses of peasants around it and give maximum play to their enthusiasm and creativity to struggle for achieving the party's political line and vital interests determines whether our causes will succeed or fail. In developing socialism in China, we must never forget this basic characteristic. Agriculture is the foundation for the country's national economy and for socialist modernization. To successfully develop China's agriculture, the most basic work is to turn the party's line, principles, and policies into the voluntary deeds of the more than 800 million peasants to continuously facilitate rural construction and reform. Rural grass-roots organizations shoulder glorious and yet arduous tasks in this regard. The foundation of China's socialist political power lies in the grass roots. When grass-roots work is strengthened and the fish-and-water relationship with the more than 800 million peasants is maintained, we will provide a guarantee for the country's overall stability and development. The great construction of China's socialist political power will have a solid foundation, will withstand numerous stormy waves, and will always stand lofty and firm.

Speaking on ways to strengthen efforts to improve village-level organizations with party branches as the core, Song Ping emphasized: We should first build a good party branch. A village is a small society. If there is not a strong leading core, coordination of the work in various fields and correct resolution of numerous complicated contradictions will be difficult. After the output-related household contract responsibility system was instituted, the endeavor to improve party branches became more important. Building a good party branch is necessary for building a socialist new countryside and is a pressing demand of the masses of peasants.

Song Ping continued: Party branches should regard it their central task to mobilize and organize the masses to deepen the rural reform, develop commodity production, expand the rural economy, and take the road to common prosperity. At present, they should actively establish and improve the dual management system whereby unified management is combined with separate management on the premise that the output-related household contract responsibility system is stabilized so as to organically combine the enthusiasm of

household management by peasant households with the superiority of the collective economy. We must attach importance to development of the collective economy and, proceeding from reality, start with the work which is most needed by the masses and which can be done by local authorities. At present, we should pay particular attention to development of the villages that lack substantial resources for the collective economy, choosing correct paths for them to develop it step by step. Localities with a fairly good foundation for the collective economy should strengthen management to raise its level so that the dual management system develops gradually from lower levels upward. In the process of development, we should never conduct work in a sporadic manner, resort to egalitarianism and indiscriminate transfer of resources, (?seek uniformity), or be overanxious for quick results.

Song Ping said: While strengthening efforts to improve rural grass-roots organizations, we should gradually establish and improve rural cooperative economic organizations, emphasize their function of service to peasants, and give full play to their role of comprehensive or specialized services. Increasing labor accumulation is an effective way to develop agricultural production. Rural grass-roots organizations have great room for development in this regard. We should organize surplus manpower to develop water conservancy facilities, improve farmland, plant trees, repair bridges, and build roads to improve production and living conditions.

On doing a good job in building socialist spiritual civilization in rural areas, Song Ping said: We should give political and ideological guidance to peasants to lead them in making steady progress along the socialist road, actively conduct education in socialism, patriotism, and collectivism through the measures that suit local specific conditions, and unswervingly use at all times socialist ideas and healthy and progressive cultural life to occupy the ideological front of rural areas.

Song Ping pointed out: The work related to peasants and rural areas in the new situation is different from that in the past. To make the work successful, we should strive to establish a new rural work pattern that suits the needs of the new situation. At the grass roots, with party organizations as the core, backed by villagers' committees and village cooperative economic organizations, with the Communist Youth League [CYL] as the assistant, and with women's organizations and militia organizations holding the responsibility together, a joint force should be formed for all quarters to closely cooperate in various areas under party leadership, and the socialist new countryside should be built by focusing on the central task of educating, leading, uniting, and organizing peasants to develop the economy and take the road to common prosperity.

Song Ping stressed: The key to success in rural work lies in strengthening party leadership. We should firmly embrace the idea of gearing our work to the needs of rural areas and grass roots and wholeheartedly serve peasants and grass roots.

Song Ping concluded: The issue on strengthening efforts to improve village-level organizations, in the final analysis, depends on the political and professional quality of cadres. Not only should we successfully select cadres and organize leading bodies, we should also pay attention to training cadres and improving their work. We should particularly attach importance to the basic training of young cadres at the grass-roots level with Marxist theory and party spirit. I suggest that party schools at county and township levels fully develop their role in this work.

Jiang Chunyun, secretary of the Shandong Provincial CPC Committee, attended and addressed the forum. He said: Comrade Song Ping's speech scientifically summarizes the experiences in improving village-level organizations gained over the past many years, especially since the Fourth Plenary Session of the 13th CPC Central Committee and, proceeding from the current situation in the village-level organizations in rural areas, puts forward the tasks, requirements, principles, and ideas for improving village-level organizations. It has great significance in guiding us to counter the situation. In line with Shandong's specific conditions, we should conscientiously study and comprehensively implement it.

Jiang Chunyun said: The convocation of this national forum on improving village-level organizations in Laixi County is greatly encouraging to our work in Shandong. In improving village-level organizations, we have done some work under Central Committee leadership, made some progress, and gained some experience. However, in general, our work is still far from being enough, and falls far short of the Central Committee's requirements, and we still lag far behind other provinces, municipalities, and regions. We must conscientiously learn from the experiences of other provinces and municipalities and enable them to yield positive results in Shandong.

Song Defu, first secretary of the CYL Central Committee, and Huang Qizao, vice president and first secretary of the Secretariat of the All-China Women's Federation, also spoke at the forum.

Further on Li Ruihuan at Democratic Party Meeting

OW0908184490 Beijing XINHUA Domestic Service
in Chinese 0543 GMT 9 Aug 90

[Excerpt] Beijing, 9 Aug (XINHUA)—The Chinese Peasants' and Workers' Democratic Party [the party] held a ceremonious meeting at the auditorium of the Chinese People's Political Consultative Conference [CPPCC] National Committee this morning to mark the 60th founding anniversary of the party.

On behalf of the CPC Central Committee, Li Ruihuan, member of the Standing Committee of the CPC Central Committee Political Bureau, extended his warm congratulations during the meeting to the party and its leaders and all members.

The meeting was presided over by Zhou Gucheng, honorary president of the Chinese Peasants' and Workers'

Democratic Party. Lu Jiaxi, president of the Chinese Peasants' and Workers' Democratic Party, delivered a speech to mark the anniversary.

Also extending congratulations at the meeting were Ding Guangen, alternate member of the Political Bureau and member of the Secretariat of the CPC Central Committee; Xi Zhongxun, vice chairman of the National People's Congress [NPC] Standing Committee; Qian Zhengying and Hou Jingru, vice chairmen of the CPPCC National Committee; responsible persons of various democratic parties; and responsible comrades of various relevant departments.

The Chinese Peasants' and Workers' Democratic Party was founded in Shanghai on 9 August 1930 by Mr. Deng Yanda, leader of the leftist faction of the Guomindang.

In his speech, Li Ruihuan praised the party as a democratic party having a long history and a patriotic and revolutionary tradition. He said the party had cooperated and struggled hand in hand with the CPC over the years, and had made important contributions to China's revolution and development. He said he believed that the party and other democratic parties will continue to join the CPC in holding high the banner of patriotism and socialism, in consolidating and developing a patriotic united front with the broadest base, and in striving to consolidate and develop the current political stability and unity; to advance socialist modernization, reforms, and opening to the outside world; to improve socialist democracy and the legal system; and to promote "one country, two systems" and the motherland's peaceful reunification.

Li Ruihuan said: As the ruling party, the CPC should always be subject to the supervision of various circles. We sincerely hope that comrades of the party and other democratic parties will actively offer their opinions and suggestions regarding the country's modernization efforts and our efforts to improve the economic environment, straighten out the economic order, and deepen reforms. We also hope that the party will further arouse the enthusiasm of its members and the people it has contacts with; encourage them to display their talents and specialties; and make new and greater contributions to promoting reform, opening to the outside world, and the four modernizations.

In his speech, Lu Jiaxi, after recounting what the party had gone through since it was founded 60 years ago, pointed out: Summing up the historical experience of our party in the past 60 years, we should bear in mind the following three most essential and important things: First, we should be committed to accepting the CPC's leadership. Second, we should actively take part in revolution and construction, do practical things to benefit the people, and strive to make contributions to rejuvenating the Chinese nation. Third, we should carry forward our party's good tradition of educating ourselves, go with the historical trend, and never stop advancing. On behalf of the party's Central Committee, Lu Jiaxi urged the party's organizations at all levels across the country, and all party members, under the leadership of the CPC, to hold high the banner of patriotism and the banner of socialism; to work to consolidate and develop the current

political stability and unity; to work to promote socialist modernizations, reforms, and opening to the outside world; to work to refine socialist democracy and the legal system; to work to promote "one country, two systems" and the motherland's peaceful reunification; and to work hard to build China into a great and strong socialist nation with Chinese characteristics. [passage omitted]

General Yang Dezhi Visits PLA Hero in Harbin

SK1008012390 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 8 Aug 90

[Text] At 0900 on 8 August, General Yang Dezhi, member of the Standing Committee of the Central Advisory Commission and commander of the former Chinese People's Volunteers, received in the city of Harbin, Li Yuan [Li Yuan], one of the old soldiers who fought together with the general on the Korean battlefields. During the reunion after 40 years, these old comrades-in-arms were very excited and clasped hands tightly and protractedly. General Yang Dezhi, full of profound sentiments, said to Li Yuan: You fought a bayonet fight in the Zhonggufeng battle and were wounded; you were once listed in the namelist of martyrs in the battle by Author Wei Wei in his famous newsletter entitled "Who Are the Most Lovely People?"; you fortunately survived the battle and returned to local areas; over the past decades, you have not boasted about yourself but worked hard to build up the country; and the spirit you displayed is so fine that our comrades should learn from you. General Yang Dezhi urged Comrade Li Yuan to continuously assume the honorary duty of successfully educating the next generation. Li Yuan said in a thankful tone: I am really unable to assume such a great amount of honor given to me by the party and I have only done what a Communist Party member should do. Hereafter, I will strive to do more deeds for the people.

Attending the reception were Sun Weiben, secretary of the provincial party committee; Wang Luming, chairman of the provincial Advisory Commission; Ma Chunwa, political commissar of the provincial military district; (Wu Liqian), commander of a certain army; and (Dong Lizheng), political commissar of a certain army.

Li Ruihuan Pays Respects to Deceased Artist

SK1008013390 Hohhot Inner Mongolia Regional Service in Mandarin 1000 GMT 9 Aug 90

[Excerpts] The ceremony to pay last respects to the remains of Comrade (Li Xiaochun), a nationally famous Beijing opera performer, was held on the morning of 9 August at the (Daqingshan) Revolutionary Cemetery. Comrade (Li Xiaochun) died of an illness on 29 July 1990 after all measures to save him proved futile. [passage omitted]

Among the party and state leaders as well as relevant comrades of pertinent state departments who sent wreaths to the ceremony were Li Ruihuan, Standing Committee member of the Political Bureau of the CPC Central Committee and member of the Secretariat of the CPC Central Committee; Xi Zhongxun, vice chairman

of the National People's Congress Standing Committee; Lu Jiaxi, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and vice chairman of the Central Committee of the Chinese Peasants' and Workers' Democratic Party; He Jingzhi, deputy head of the Propaganda Department under the CPC Central Committee and acting minister of culture; and Gao Zhanxiang, vice minister of culture. Song Renqiong, vice chairman of the Central Advisory Commission, sent a telegram to express his profound condolences on the death of Comrade (Li Xiaochun).

Among the regional leaders who sent wreaths to the ceremony were Wang Qun, Zhang Dinghua, Qian Fenyong, Batubagen, Shi Shengrong, Geriletu, Kong Fei, Liu Yunshan, Zhang Hangong, Seyinbayaer, Xu Lingren, [words indistinct], Wu Ligeng, Li Shuyuan, Baoyanbatu, Lu Hong, Tu Ke, Yun Shufen, and [words indistinct]. Attending the ceremony and sending wreaths were Bu He, Wang Duo, Butegeci, Zhou Rongchang, Zhao Zhihong, Yun Zhaoguang, Lan Qianfu, and [words indistinct]. [passage omitted]

Li Ruihuan Speech Lauds Democratic Party

OW1008005590 Beijing XINHUA Domestic Service in Chinese 0526 GMT 9 Aug 90

[Speech by Li Ruihuan delivered on 9 August at a meeting celebrating the 60th anniversary of the founding of the Chinese Peasants and Workers' Democratic Party]

[Text] Beijing, 9 Aug (XINHUA)—Comrades: The Chinese Peasants and Workers' Democratic Party [CPWDP] has ceremoniously assembled here today to celebrate the 60th anniversary of its founding. This is very significant. The CPWDP is a democratic party with a long history and patriotic revolutionary tradition. It has cooperated and waged a common struggle with the CPC for a long time and has made important contributions to the cause of the Chinese revolution and construction. On behalf of the CPC Central Committee, I extend warm greetings to the CPWDP, its leaders, and the entire body of its members.

In the wake of the failure of the great revolution in China 60 years ago, the revolution was temporarily at a low ebb. Under these circumstances and carrying forward Mr. Sun Yat-sen's revolutionary spirit, Mr. Deng Yanda, leader of the leftist faction of the Kuomintang, founded the CPWDP (originally named the Kuomintang Provisional Action Committee). He courageously sacrificed his precious life in the struggle against imperialism, feudalism, and the reactionary rule of the Kuomintang dictatorial government. Influenced by the CPC's united front policy and carrying forward martyr Deng Yanda's revolutionary spirit, comrades of the CPWDP vigorously advanced wave upon wave and plunged themselves into the struggle of national liberation and the people's revolution. Supporting each other and fighting side by side, the CPWDP and the CPC established a profound brotherly friendship characteristic of tested friends. The CPWDP thus made important contributions to the new democratic revolution and to the founding of New China.

After the founding of New China, the CPWDP laid down the political line of accepting CPC leadership and serving socialism and played an positive role in the establishment of the people's political power, in socialist transformation and construction, and in the struggle against domestic and foreign enemies. After our country entered the new historical period, the CPWDP has actively supported the four cardinal principles and the line, principles, and policies of reform and opening up to the outside world and has taken an active part in the country's political life, by helping to formulate, in consultation, the country's major policies, and by practicing democratic supervision. It mobilized its vast numbers of party members and the masses, with whom it kept in touch, to work on the cause of reform and construction and to contribute their talents and wisdom in their respective positions. It worked hard to promote reform and the revitalization of China's medical and public health undertakings. It provided intellectual consultation services in support of construction and other endeavors in regions inhabited by minority nationalities and in remote and border areas. Through the large amount of work in all these fields, the CPWDP has made useful contributions to safeguarding political stability and unity, promoting the developing of socialist material and spiritual civilization, and achieving reunification of the motherland. The CPC is grateful to have the CPWDP as a close fraternal party—a party that has stood together with the CPC through thick and thin and has given the CPC its full cooperation!

Comrades, we have entered the nineties in the midst of a changing international situation. At present, our country is politically, economically, and socially stable, and the people feel secure. We have passed or are passing the most difficult period of our nation's economy, have achieved notable success in improving the economic environment, rectifying the economic order, and intensifying reform, and have made fairly good progress in all of our other undertakings. However, there still will be difficulties and problems in our path ahead. Strengthening and developing a patriotic united front is extremely vital to the stability and development of the entire country. The recent national united front work conference held by the CPC Central Committee has further clarified that the united front is still one of the party's major magic weapons. We must, under the leadership of the CPC, unite all forces that can be united, mobilize all positive factors, change negative factors into positive ones, and consolidate and develop the broadest patriotic united front. This is our party's firm strategic policy which will never change. We must unite with every class or stratum, every party or group, and every individual, no matter who they are, as long as it is in the interests of promoting the four-modernization program, reunifying the motherland, and revitalizing China; as long as it is beneficial to national unity, social progress, and the people's happiness; and as long as it helps to frustrate the infiltration, subversion, and peaceful evolution carried out by hostile forces at home and abroad. We believe that the CPWDP and other democratic political parties, together with the CPC, will raise high the patriotic, socialist banner, strive to strengthen and develop the broadest patriotic united front, and work hard to

strengthen and develop political stability and unity, promote socialist modernization, reform, and opening up to the outside world, perfect socialist democracy and the legal system, and push forward the policy of "one country, two systems" and the peaceful reunification of the motherland.

The multiparty cooperation and political consultation system operating under the leadership of the CPC is a basic political system of our country. It is also a socialist political party system with Chinese characteristics suitable to China's reality. Speaking at a recent forum held by the central authorities for non-CPC personages, Comrade Jiang Zemin stressed: "We seriously must implement the multiparty cooperation and political consultation system operating under the leadership of the CPC, conscientiously foster democracy, and strengthen mutual supervision;" and "we must take further steps to carry out measures to enable democratic parties to take part in the political process." We must uphold the principle of "long-term coexistence, mutual supervision, treating each other with sincerity, sharing weal and woe," and vigorously help the democratic parties bring into full play their role in the political process. As the ruling political party, the CPC always is in need of receiving supervision from all quarters. The CPC sincerely hopes that comrades of the CPWDP and other democratic parties would present their views and suggestions on China's modernization and current endeavors to improve the economic environment, rectify the economic order, and intensify reform. At the same time, we also hope that the CPWDP will take further steps to mobilize the initiative of its vast numbers of party members and the people with whom it maintains contact, and bring into play their strong points and advantages and realize new and greater success in reform, opening up to the outside world, and the four modernizations.

From the practice of our party's long period of revolutionary struggle and socialist construction, we realize that it is extremely important for a party to pay attention to developing itself. In the course of its development, the CPWDP also possesses a fine tradition of constantly seeking to perfect its political party mechanism and progress. We believe that the CPWDP definitely will take further steps to foster this fine tradition, strengthen its ideological and organizational development, pay attention to raising the standards of its members, vigorously play its role in the political process, and make new contributions in the great endeavor to build socialism with Chinese characteristics.

Comrades, we are in an important period of modernization, reform, and opening up to the outside world. Let us unite together even more closely!

Economic & Agricultural

Sun Xiaoliang on Integrating Plan, Market

HK0908014190 Beijing JINGJI RIBAO in Chinese
20 Jul 90 p 1

[Article by Sun Xiaoliang (1327 2400 5328), member of the State Commission for Restructuring the Economic

System and director of the Commission's Economic Administration Department: "Four Choices for Combining Planning and Marketing"]

[Text] I. Four Suggestions

Through what concrete forms can we integrate the two types of regulation offered by plan and market? At present, there are four possibilities.

First, the production and circulation of important products can be regulated by direct plan, and the production and circulation of ordinary products can be regulated by the market. Second, the production and business activities of large and medium enterprises can be regulated by direct plan, and the production and business activities of small enterprises can be regulated by the market. Third, the construction of important productive capacity can be regulated by direct plan, and the production and circulation of products under the existing conditions of productive capacity can be regulated by the market. Fourth, all production and construction activities can be regulated by the market, and the state can guide the production and business activities of enterprise by regulating and controlling the market; that is, the state regulates and controls the market while the market guides enterprises.

II. Comparative Studies

Linking the forms of regulation, the enterprise system, and the macro-level management system for comparative study, the advantages and disadvantages, strong points and weaknesses, of the four suggestions are as follows:

In implementing the first suggestion, that the production and circulation of the important products can be regulated by direct plan and the production and circulation of ordinary products by the market, the following would occur: First, because most of the products have an important bearing on either the "national economy" or the "people's livelihood," they will be listed as important products, and their production and circulation will be regulated by direct plan. Therefore, the problems of regulation by direct plan will still exist. Second, under the condition of direct plan, because most enterprises have limited rights in operation and self-determination, they can only shoulder limited responsibility for profits and losses, and this cannot change the situation of "holding the iron rice bowl, and eating the rice together from a large pot" or solve the problem of lack of vigor among enterprises. Third, governments at various levels still have to directly administer the micro-level economic activities of enterprises. Therefore, their functions and duties cannot fundamentally change, and they will still have to manage many things which are difficult or impossible to manage. Thus, bureaucracy can hardly be avoided.

In implementing the second suggestion, that the production and business activities of large and medium-sized enterprises can be regulated by direct plan and the production and business activities of small enterprises

by the market, the problem becomes more serious. First, the vigor of small enterprises will increase as well as self-determination in operation and self-responsibility for profits and losses, while the vigor of large and medium-sized enterprises will be greatly suppressed because of limited rights in self-determination and decreased responsibility for profits and losses. Second, this will lead to an overall double-track system; that is, small enterprises on the one hand, and large and medium enterprises on the other, two operational mechanisms, two price systems, and two circulation channel systems. Under such circumstances, chaos instead of order will emerge in economic activities, while various corrupt phenomena will also appear and develop. Third, the state must perform a dual function in directly and indirectly managing enterprises, and its organs must also be arranged according to this dual function. Therefore, not only can the organs not be reduced, but they must be expanded, or they will be unable to perform their function. Fourth, it will be difficult to coordinate economic activities; when two kinds of operational mechanism coexist, it can be said that there is no way to guarantee the normal operation of production.

I think the third suggestion, that the construction of important productive capacity can be regulated by direct plan, and the production and circulation of products can be regulated by the market, is a relatively good system. First, enterprises can operate with the right to self-determination to a great extent, and therefore they can also practice self-responsibility for profits and losses, thus greatly enhancing vigor. Second, the state organs can liberate themselves from the daily routine of directly managing the micro-level economic activities of enterprises, undergo functional transformation, and carry out comparatively complete organizational reform. Third, when the construction of important productive capacity, which is related to the long-term arrangement of resources, can be directly regulated by the plan and the plan is scientific, great blindness can be avoided. Under the existing condition of productive capacity, enterprises can also promptly adjust their product structures according to changes in market supply and demand and thus keep production in line with demand.

The fourth suggestion, that production and construction can be regulated by the market while the state attains the planned demand through regulating and controlling the market, has three advantages similar to those of the third suggestion which can enhance the vigor of enterprise. The main problem is that construction of important productive capacity involves macro-level balance which the market mechanism is unable to regulate; at the same time, the construction of important productive capacity also involves the long-term arrangement of resources, which is more suitably regulated by direct plan.

In sum, the third suggestion, emphasizing the advantages and downplaying the disadvantages of the two forms of regulation offered by market and plan, can be considered the best strategy. The fourth suggestion can fully develop the advantages of market regulation, but it cannot avoid

its disadvantages, nor can it develop the advantages of regulation by plan. The first suggestion can fully develop the advantages of regulation by plan but cannot avoid its disadvantages, nor can it develop the advantages of regulation by markets. The second suggestion combines the disadvantages of both forms of regulation offered by market and plan and cannot develop their advantages, and thus can be considered the worst strategy.

III. Problems and Countermeasures

If we are to implement the third suggestion, there are some concrete problems which require the study of countermeasures.

1. The problem of definition of important productive capacity.

If we practice regulation by direct plan for the construction of important productive capacity, we must clearly define its scope to facilitate concrete operation.

The construction of important productive capacity should mainly include two situations:

First, the building of new factories, regardless of their scales of production, should be regulated by direct plan. When the scale of production is large and involves balance of total quantity, it should be regulated by direct plan. If the scale of production is small, then why must it be regulated by direct plan? First, construction of productive capacity involves the long-term arrangement of resources and has a lasting impact; thus, if a mistake is made, it becomes comparatively costly to correct it. Second, although the impact on the balance of total quantity is not great when the scale of production is small, the inability to achieve economic scale is a waste of resources and regulation by direct plan is required.

Second, the large-scale expansion of productive capacity by an established factory must be regulated by direct plan. Here, "large-scale" figure or quantity is defined according to the characteristics of different businesses and to the impact it has on the balance of total quantity in society.

The general principle should be: The object for regulation by direct plan is the use of capital, and the scope for regulation is construction of productive capacity. The production and circulation of products under the existing condition of productive capacity should be regulated by the market.

2. The problem of "linking" the two forms of regulation offered by plan and market.

When the construction of productive capacity is regulated by direct plan and when the production and circulation of various materials needed during the construction are regulated by market, how can we link them? There should be a "linkage point." This "linkage point" is the main contract of construction items, and it equals a "converter" between plan and market. Through such a

"converter," plan is converted to market. If some materials cannot be procured through the market, they can be imported or handled by the government on an individual case basis.

3. The problem of coordination when supply and demand change greatly.

In real life the following situation might appear: There is a shortage of a certain product, and effective supply must be increased through large-scale expansion of productive capacity. If enterprises have no rights in constructing new productive capacity according to demand, they can hardly respond flexibly. To resolve this kind of problem, regulation by direct plan designed for the construction of important productive capacity should yield a little bit for enterprises to conduct small-scale expansion of productive capacity. The situation in which demand cannot be satisfied and it becomes necessary to expand productive capacity on a large scale is very rare in real life. However, if it does occur, the government should be able to respond promptly by resorting to a direct plan for arranging investment and construction projects.

End to Economic Protectionism Urged

HK0908063190 Beijing JINGJI CANKAO in Chinese
20 Jul 90 p 1

[Article by Ye Guiguang (0673 2710 0342), editor in charge of the special column and an executive editor of JINJI CANKAO: "Break Down Regional Barriers, Maintain a Unified Market—Concluding Remarks on the 'Say Good-Bye to the Fences' Column"]

[Text] The phantom of regional protectionism that silently appeared when the market was weakening has become a formidable foe to our effort to deepen reform in the field of circulation and further develop a socialist, planned commodity economy.

The national unified market, which was established through innumerable trials and tribulations during the 10-year reform, is now facing the threat of falling to pieces because provinces, cities, and counties are closing themselves to inter-regional intercourse, and the inter-regional economic complementarity and cooperation have met with serious obstruction.

He Minglun, a renowned economist and president of Beijing Business College, once made an enlightening remark: "As far as the whole nation is concerned, to truly establish the concept of market and that of commodity economy is an arduous process. Whenever an adversity appears, old methods and concepts will reappear."

China cannot afford any fluctuations; and the achievements of the 10-year economic reform are not to be lost.

The special discussion on "Say Good-Bye to the 'Fences'" in our newspaper draws to a close today. Through this discussion, we have reached a "common

understanding" about the practice of self-protection and blockade, and have found some sound strategies for pulling down the "fences".

Economic Separatism Is an Associate to Product Economy

Professor He Minglun maintains: Regional protectionism is not unique to this day; it has never been absent since the People's Republic was founded 40 years ago.

We often used to discuss establishing a unified market, but the market was never unified. In the first 30 years, product economy, in a sense, was the whole thing. The circulation of commodities was determined by their distribution. When commodities were in short supply, commercial wholesale was done level by level at primary, secondary, and tertiary stations; and the internal allocation and transfer of commodities were subject to rigid control.

This system of commodity distribution gave rise to de facto blockade and separation, though without overt expression. For instance, in the division of business responsibilities, state-run business establishments were solely responsible for urban areas, whereas supply and marketing cooperatives were responsible for rural areas, with a clear-cut line of demarcation in between. This was very much like setting boundaries to one's sphere. This system was convenient for the internal allocation and transfer of commodities, but detrimental to the development of a commodity economy. When the channel for commodity circulation was unitary and obstructed, and the industrial-agricultural intercourse and urban-rural exchanges were seriously hindered, how could the economy possibly be enlivened?

During the 10-year reform and opening up, the reform in the field of circulation started by smashing regional separation and blockade. The first slogan raised was "Open the urban-rural road," that is, urban and rural business responsibilities should not be dichotomized: State-run business establishments may extend their concerns to rural areas and supply and marketing cooperatives may make their way into cities; the whole passage should be open. Later, the policy of combining state-, collective-, and individual-owned business establishments was carried out. In commercial activities, the main channel served as a backbone and the auxiliary ones as supplements, to ensure that circulation was enlivened through a variety of channels and commodities could flow freely. Under this system, production has gained rapid development and the amount of commodities has been constantly increasing. Nowadays, the market overflows with some commodities, and customers have ample freedom to select what they like. This is probably an unprecedented scene in Chinese history. It is in fact a sign of a commodity economy heading for the developed level.

Two systems bring two results. Anyone sensible enough can tell which is better.

"Fences" Help Nobody

Though improvement and rectification are under way and the economic situation as a whole is turning for the better, localities are still faced with such thorny problems as unsettled tripartite debt and the shutdown and suspension of production in some enterprises. Will regional protectionism be of any help to solving these problems?

The answer is self-evident: "Fences" help nobody.

Take tripartite debt. If you exercise blockade, will it help you settle your debt? No, it won't. The key to debt repayment still lies in the market.

There has been a considerable increase in bank credits this year, but this has failed to prove very effective in encouraging production, and the task of settling debt is far from being accomplished. Why? Because there has been no room for much activity in the market yet. When products find no ready market and the market is not enlivened, starter funds are bound to deposit as commodities in the form of industrial stock or commercial stock. The result is that default becomes more common among enterprises. It is necessary to get to the right point in debt repayment. Giving play to the role of commerce as bridge and tie, in order to spur the whole process of production and marketing, is a good method. After the entire circulation mechanism is enlivened, whereby selling, buying, and storage are done in a proper way, industry and commerce will get their dues respectively and debt will naturally be eliminated. Self-protection is the original intention of those localities trying to settle their debt behind closed doors, but their wishes are not always fulfilled.

Some enterprises have closed or suspended production. This involves protection of local industrial development. When the market is weak and products sell poorly, localities have to ensure that their factories still operate and there is still sufficient revenue, so they close their doors, purchase local products and sell them without allowing non-local products to enter their markets. It seems to them that protecting their backward industry in that way is an access to "stability." But it is by no means real stability. The more you protect your backward industry, the heavier the burden you have to shoulder.

Historical experience has proved that no development is ever possible in backward areas if the backwardness is protected. Industrial development entails competition. If many of our localities go on with the practice of market separatism, it will probably bring two consequences: First, advanced enterprises will not be able to develop well because correspondingly increasing effective supply is lacking; whereas backward enterprises go on producing unsalable goods, imperceptibly wasting national resources. Second, industrial setup and product mix cannot be adjusted according to the requirement of improvement and rectification, and consequently our national economy cannot steer into a benign circle of enhancing economic payoff.

In medical treatment, it is necessary to suit the remedy to the case. A "shot in the arm" is no solution to economic problems, and it is even worse to seek temporary relief regardless of the consequences. The ultimate solution is to develop a socialist, planned commodity economy with sustained efforts and continue to consolidate and develop the national unified big market.

Short- and Long-Term Countermeasures: Three Guidances, Three Markets, and Structural Reform

There is no hiding the fact that protectionism is the outcome of regional economic interests and regional administrative monopoly, the root being the structure. Therefore, in order to pull down the "fences," it is now necessary to promote and give guidance to production, enliven circulation and consumption, and expand urban, rural, and international markets. In the long run, it is more important to continue to deepen financial and pricing restructuring.

Promoting and giving guidance to production, giving guidance to consumption, clearing and giving guidance to circulation: These "three guidances" are undoubtedly a once-and-for-all cure for the "endemic disease" of protectionism.

Production, circulation, and consumption are the basic constituents of reproduction. Once one of these links is obstructed, it will add to the difficulty brought about by the weak market. Now the central authorities have adopted the policy of "small changes, minor adjustments, appropriate laissez-faire," loosening money, lowering interest rates, and increasing credits, all by a small margin. This has greatly helped promote and guide industrial production, effecting an appropriate rate of growth in the first six months of this year. The next step is to have enterprises organize their production activities in accordance with the demand of the market and consumers.

Giving guidance to consumption involves a lot of work. It seems that moderately lowering the interest rates for bank deposits does not significantly stimulate consumption. The key still lies in the various sales-promoting measures of commercial departments whereby new products are used to whet consumers' appetites to purchase.

Clearing and giving guidance to circulation requires consistent efforts. It is necessary to open all links and wipe out all obstructions that come in the way of purchase, wholesale, retail, transfer and transportation, and storage.

If urban, rural, and international markets are well developed, and commercial and foreign trade departments do a good job in purchasing and selling, then all the rest of the links will be enlivened and regional protectionism will collapse of itself.

It seems that the fundamental reason behind the weak market is still inadequate ultimate consumption. It is therefore necessary to increase, to an appropriate degree,

ultimate consumption, which mainly refers to productive consumption, public consumption, and individual consumption. The way to increase productive consumption to an appropriate degree is to start capital construction projects and technical transformation projects. Public consumption mainly refers to the purchasing power of social groups. It is necessary to control its total volume, but the control should be appropriately relaxed in some respects of such consumption. It is not right to suppress residents' individual consumption. Rational immediate consumption should be encouraged.

The essential part of opening up the market is opening up the rural market. We have 800 million peasants in our country and agriculture is the basis of our national economy. It is now necessary to commercialize the rural economy, satisfy the demand of the rural market, and increase sales in the rural market. This is a fundamental question vital to the development of national economy.

Since the beginning of the reform, there has been a tremendous development in our country's rural economy. The annual per capita income of peasants has risen from 100 yuan or more in the past to 500 or 600 yuan today. The combined incomes of 800 million people creates a sizable amount of purchasing power. But the question is how to get peasants to make purchases. Anything of good quality and with an attractive price is what peasants want. Educated middle-aged or young peasants have a strong sense of commodity. What counts is what you use to attract them. Industrial and commercial quarters should do a lot of work in these respects so that industrial products can make it to the rural market in a more effective way. It is no use hawking one's wares in the city.

It is necessary to continue to deepen financial and pricing restructuring.

Some people say that the root cause of regional protectionism is the system of contracted financial responsibilities. There is some truth in this argument but it should not be overstated. It is necessary to bring into play the initiative of both central authorities and local authorities through the reform.

Establishing the system of tax distribution is undoubtedly the orientation of financial restructuring. It will help overcome the drawback of the system of contracted financial responsibilities and remove the hotbed for "separatist economy" and regional blockade.

This reform is a gradual process. It is necessary to start from pilot projects, gain some experience, and then popularize the methods step by step.

The disorder in the pricing system is another cause of regional protectionism. Some provinces and municipalities use their regional finances to subsidize the prices of daily consumer goods for local residents. These provinces and municipalities would not like to see such

subsidies enjoyed by non-local people and will consequently exercise blockade. For instance, Beijing municipal authorities wish to set subsidized prices for eggs and, naturally, do not want to sell them to people from outside the region. Resource-rich regions are sparing no effort to develop their processing industries. Again, price is the underlying matter. Raw materials are underpriced: A car of coal is not even worth a car of sand. This phenomenon can no longer be left to run its course.

There is an opinion from the theoretical circle that pricing restructuring should be done when the market atmosphere is relatively relaxed. There is now a relatively sufficient supply of commodities in the market and people are offered abundant choices. If the prices of raw materials are reasonable, buying them will not cause any loss. And if, on top of that, the state adopts policy which favors resource-rich regions, these regions will not forbid export of raw materials out of their provinces and will not concentrate on processing industry alone. Opportunity knocks but once. Under the precondition of preserving price stability at present, it is better than not to make some small or minor price adjustments.

In order to pull down the "fences," it is important to cultivate a well-developed market framework.

Compared with other countries, commodity economy in our country is not developed, the domestic market is backward, and there is no market framework yet, and this causes irregularity and disorder in the market behavior. Real development of a commodity economy is not possible until a market framework complete with a legal system is established. Particularly in the market of consumer goods and production means, the development and improvement of a full-fledged market framework will in turn stabilize economic development. When that comes true, localities will in no way be able to exercise any blockade or separation.

Rural Enterprises' Output Increases

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0754 GMT 10 Aug 90*

[Text] Beijing, August 10 (XINHUA)—China's rural enterprises produced 385 billion yuan in output value for the first half of this year, an increase of 7.3 percent over the same period last year, according to the Ministry of Agriculture.

Observers say the steady increase in the output value of rural enterprises, which accounted for over 28 percent of China's industrial output value last year, has played an important role in the improvement of China's overall economic situation.

The production of rural enterprises increased steadily in the first six months of the year, a ministry official said.

The government purchased 22.8 billion yuan in export products from rural enterprises in the first half, a 44.6 percent increase, surpassing the 22 percent increase planned by the state.

Ministry statistics show that tax payments by rural enterprises increased 8.5 percent, higher than the increase in output value. Productivity improved and more rural enterprises joined enterprise groups as a result of the nationwide economic adjustment program, according to the official.

In spite of the increased growth rate, according to ministry experts, China's rural enterprises still face acute capital shortages and heavy burdens which may affect production in the next six months.

Open Cities, Zones Attract Overseas Investment

*OW0808150790 Beijing XINHUA in English
1401 GMT 8 Aug 90*

[Text] Beijing, August 8 (XINHUA)—China's coastal open cities and Special Economic Zones signed, on average, 7.7 contracts on import of overseas investment every day and the total contractual investment amounted 1.5 billion U.S. dollars in the first half of this year, the State Statistics Bureau announced here today.

The four Special Economic Zones signed 712 contracts with overseas investors in the first six months and the contractual overseas investment amounted to 820 million U.S. dollars, representing 6.4 percent and 56.7 percent increases, respectively, over the same period of last year, according to the bureau.

The number of contracts on direct overseas investment signed by the 14 coastal open cities also showed a 5.1 percent increase.

The bureau noted that the structure of overseas investment has become more rational as most joint ventures and co-operative enterprises are engaged in the chemical, machine-building and electronics industries.

By the end of June 4,000 foreign-funded enterprises had gone into operation and produced a total output value of 14 billion yuan (three billion U.S. dollars), 40 percent more than in the first six months of last year.

The products of some joint ventures have entered international markets. In Shenzhen City, 60 percent of the exports are manufactured by foreign-funded enterprises.

The 14 coastal cities and four Special Economic Zones exported manufactured goods worth 6.21 billion U.S. dollars in the first half of this year, indicating an 18 percent increase.

Speedy Creation of Securities Market Urged

OW0808130290 Beijing XINHUA in English
1119 GMT 8 Aug 90

[Text] Beijing, August 8 (XINHUA)—Development of a securities market is a task which should be undertaken without delay, a People's Bank of China official said.

Jin Jiandong, director of the bank's Monetary Management Bureau, said that in addition to the planned control and distribution of funds through government banks, it is necessary to raise funds through various channels and develop a securities market. In a report in today's Overseas Edition of the "PEOPLE'S DAILY," Jin said the move is part of china's monetary reform program.

State treasury bonds and other government bonds will make up for the shortage of government loans for the construction of energy, transportaton and raw materials projects, and in upgrading the existing equipment of industrial enterprises. They will also help to channel consumption and savings patterns in a favorable direction and readjust the industrial structure, Jin said.

Jin added that the issuance of bonds in foreign currency is an important way to attract foreign investment.

As a socialist country, Jin stressed, China will persist in public ownership and adhere to the principle of combining

the planned economy with market regulation. Therefore, the establishment and development of a securities market should be based on China's actual conditions rather than on copying practices in Western countries.

For quite a long period in the future, bank credit will remain the main form of financing in China, Jin said. He said China will give priority to various kinds of government bonds, though the circulation of stocks will play a decisive role in the operation of the securities market.

Owing to various restrictions, stocks are unlikely to gain momentum in the near future, Jin said.

On the development of a bond market, he said greater prominence will be given to government bonds to raise funds for key state construction projects.

Jin outlined four measures for the improvement of China's securities market:

- an increase in the types of securities to meet the various needs of buyers and investors;
- a change in bond distribution practices;
- the establishment of a national network for the purchase and exchange of bonds and
- strengthening bond market management.

East Region

Pudong Supported by State Preferential Policy

HK1008021590 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No. 31, 30 Jul 90 p 1

["Letter from Beijing" by Bao Xin (7637 0207): "Relevant State Policies Expected to Tilt Toward Shanghai"]

[Text] My dear fellow:

About a month ago you and I talked about state plans for the Shanghai and Changjiang Delta Economic Coordination and Development Zone. The issue has now become clearer: While efforts will be devoted to coastal special economic zones and economic development zones, state policy for key regions will gradually incline toward Shanghai.

A review of the decade of reform indicates that efforts to develop Shanghai are a little late. But, from the 1990's onward the focus of the state's sliding policy will be shifted toward Shanghai and the Changjiang Delta, because the heavy, light, and textile industries there enjoy a good foundation; strong inherent development capacity; and good conditions for large-scale development. The prospects for expansion are great.

Historically, Shanghai has been China's industrial base, and a world-renowned commercial and financial city, over the years accounting for one eighth of national industrial output, with financial revenue, import, and exports ranking first in the nation. As the largest industrial and commercial city in the country, it enjoys great superiority in geographical location, natural conditions, industrial foundation, scientific and technological strength, and foreign contacts. However, decades of being closed to the outside world have severely inhibited its economic vitality; it is being threatened with economic recession, and the danger of a fall in status nationally and internationally. As an ancient saying goes: "It is not too late to mend the fold after the sheep have run away." It may be a little late to develop Shanghai now, but whatever the situation, no other city can match or replace its economic foundation and status. Now that we have discovered the mistake, if Shanghai is given policy preference and support by way of capital, its opening up and development will be a success. If Shanghai's economy takes off, its effects will spread to the whole of the Changjiang Delta, its middle and lower reaches, and launch the development of the nation's economy. For this reason the state decided to open up Shanghai further, and approved the policy of setting up a 350 sq km-wide new area in Pudong—an open coastal city economic and technological zone, with some of the special economic zone policies, which it will support with huge sums of money. Without doubt this is, after the state approval of Shenzhen and Hainan Special Economic Zones in the 1980's, another important decision for opening up China in the 1990's.

In the second half of June a group of 10 or so people, led by Ma Yongwei, president of the Agricultural Bank of China, and Li Zhongjie, vice president, made a special fact-finding tour to Pudong Development Zone and announced that the bank would give 2.5 billion yuan in a new loan (one percent of the bank's total loan increases to the whole country in the same period) to Pudong in the "Eighth Five-Year Plan" period (from 1991 to 1995); a \$200 million foreign loan increase; an increase of 150 million yuan in special agricultural loans; and would immediately start building a branch office in Pudong, which would be allowed to retain the profit it earns during the "Eighth Five-Year Plan."

According to reports, the State Planning Commission, Ministry of Metallurgical Industry, Shanghai Municipality, and Jiangsu Province have recently agreed to invest 1.1 billion yuan to expand Meishan Hot Mangle Plant of the Shanghai Meishan Metallurgical Company; the project is expected to be completed and ready for production in 1993. As many as an annual 1.15 million tons of hot mangles can be expected in the early stages, which will play an important role in ensuring steel material supply to Shanghai, Jiangsu, and the Changjiang Delta.

To improve the investment environment, the Shanghai municipal government has already decided to raise another 500 million yuan within this year for the urban facility and infrastructural construction of the Pudong Development Zone. The plan is basically as follows: 110 million yuan for gas and liquefied gas construction to ensure that there will be an increase of one million cubic meters of gas in daily production after the second construction phase of the Pudong Gas Plant is completed in the first half of next year, and for further improvement in liquefied gas pumping and storing capability, and the supply capacity of supply stations; 250 million yuan for Ningpu Bridge and a traffic line around the whole of Pudong; houses on a 50,000 sq meter residential area will be relocated and beginning next year the area will be cleared for use stage by stage in order to create conditions for the construction of the bridge starting before the end of next year; 100 million yuan for residential and urban construction packages; and 40 million yuan for underground railway construction.

The projects mentioned above are only piecemeal illustrations, but enough to show that the development of Shanghai is speeding up.

Without doubt the development of Shanghai is creating opportunities and conditions for its neighbors. At a recent provincial work conference on opening up to the outside world, the Zhejiang Provincial Government called for taking bold strides toward opening up, and taking advantage of the wind of Shanghai's development. Though not its neighbor, Anhui Province is nevertheless in Shanghai's hinterland, and has echoed Shanghai's development with the policy of: Seizing the opportunity, active participation, taking the initiative of offering services, playing the supporting role well,

strengthening itself, and being ready for the impact "radiating" from Shanghai; and has decided to develop, as a key project, a 400-km area and four cities along the Changjiang within the province into an economic belt, in an active attempt to build a large, well-equipped construction force supplying Pudong with quality steel materials and cement.

The development of Shanghai has again proved that China's policy of reform and opening up remains unchanged, it is deepening reform and opening up further. The view that it has "halted" reform and even regressing, does not accord with reality.

[Signed] Bao Xin

[Dated] 23 July.

Zhejiang Holds Emergency Meeting on Drought

OW1008082290 Hangzhou ZHEJIANG RIBAO
in Chinese 20 Jul 90 p 1

[Excerpts] The provincial government held an emergency meeting yesterday to make arrangements for combating drought. Vice Governor Xu Xingguan urged leaders at various levels to foster the idea of combating drought in order to reap a bumper harvest, and to take immediate actions by going to the forefront of the antidrought struggle and get the masses organized in order to combat drought, guarantee the harvest, and ensure timely sowing.

The meteorological departments briefed the meeting on the recent weather conditions. This year, the sizzling hot weather hit the province some 10 days earlier than usual. The temperature for four days in the last 10 days of June registered was over 35 degrees Celsius. Since 4 July, the whole province has experienced sustained high temperatures with limited rainfall. According to forecasts of the meteorological departments, such weather conditions will remain unchanged for at least a week or so. [passage omitted]

The provincial government has issued an emergency circular to all cities, prefectures, and counties warning that the drought situation is seriously threatening summer harvest and sowing as well as agricultural production as a whole. The provincial government sees the necessity to immediately mobilize the cadres and the masses in order to fulfill the tasks of harvesting and sowing in time and to ensure a bumper agricultural harvest for the whole year through the following measures:

1. Governments at various levels should genuinely strengthen their leadership over the efforts to combat against drought by instructing the cadres and the masses not to lower their guard or leave things to chance, but to combat drought so as to reap a bumper harvest. They should closely keep track of the drought situation, check and familiarize themselves with the preparatory work for combating drought, and take effective measures against drought.

2. Measures proven to be effective in combating drought should be adopted to ensure supply of water for agricultural use. The immediate task is to conserve water and use it in a planned way. In places where water can still be channeled or taken from rivers, it is necessary to stick to the principle of first using natural water before using water from reservoirs. [passage omitted]

3. A responsibility system should be adopted for the management of river basins to ensure coordination in the use of water among various areas. Governments at various levels should clearly define the responsibilities for managing irrigation facilities so as to centralize water control and release. Efforts should be made to instruct cadres and peasants to take the overall interests into consideration, promote a fine work style, and unite in fighting drought. [passage omitted]

4. The various departments should go all out to support the people in combating drought and reaping bumper harvest. This work should be regarded as an important job in supporting summer harvest and sowing. [passage omitted]

5. It is necessary to prevent flooding while fighting the drought. Zhejiang is currently experiencing high temperatures and drought at a time when typhoons frequently occur. While preparing to fight the drought, the various localities should be highly alert against typhoons and floods. Meteorological departments should intensify their vigilance in forecasting sudden changes in weather and promptly report them to the leading departments.

Zhejiang Increases Rural Industry Output Value

OW0908110490 Beijing XINHUA in English
0739 GMT 9 Aug 90

[Text] Hangzhou, August 9 (XINHUA)—The output value of the rural industry of Zhejiang Province, east China, has kept rising every month since the beginning of this year.

This follows a steady decline in the wake of the nationwide drive to rectify the economic order.

The latest statistics from the provincial government show that the output value of the province's rural industrial enterprises in June reached 6.19 billion yuan (about 1.3 billion U.S. dollars), setting a new record which is 13.17 percent more than the previous month or 9.3 percent more than the same period of last year. The total output value of these enterprises in the first six months of this year amounted to 29.35 billion yuan, 2.26 percent more than the same period of last year.

An official from the department of rural industrial enterprises under the provincial government pointed out that this shows the success of the rectification drive.

He revealed that, in accordance with the policies of the rectification drive, more than 4,000 out of the province's over 400,000 rural industrial enterprises have been

closed down or merged with those which are more efficient, consume less energy and raw materials or emit less pollution.

Meanwhile, efforts were made to upgrade the remaining enterprises in these aspects, and help them develop new and quality products that sell well in domestic or world markets.

In the first half of this year over 3,500 rural industrial enterprises in the province had delivered products for export worth a total of 2.375 billion yuan (about 500 million U.S. dollars), 42.9 percent more than in the same period of last year.

Record Number of Tourists Visit Zhejiang Capital

OW1008103290 Beijing XINHUA in English 0935 GMT
10 Aug 90

[Text] Hangzhou, August 10 (XINHUA)—Overseas visitors to Hangzhou reached a record breaking 189,000 in the first six months of the year, 21 percent higher than the same period of 1989, according to an official of the city's tourism department.

Foreign exchange earnings during the first six months increased by 37 percent over the same period of last year. Taiwanese tourists accounted for 123,500 of the total, the official said.

The official said that with a growing number of Taiwanese visiting the Chinese mainland for sightseeing and business, and the resumption of diplomatic ties with Indonesia and Singapore, the number of overseas tourists visiting Hangzhou should continue to increase over the next several months.

Central-South Region

Hainan United Front Work Conference Concludes

HK0908153890 Haikou Hainan Provincial Service
in Mandarin 2200 GMT 8 Aug 90

[Text] The three-day Hainan Provincial Conference on United Front Work concluded in the auditorium of the Hainan Provincial CPC Committee yesterday afternoon.

Deng Hongxun, secretary of the Hainan Provincial CPC Committee, delivered a speech at the closing session of the conference.

In his speech, Comrade Deng Hongxun pointed out that United Front Work departments at all levels in Hainan must carry out work in light of local conditions and further strengthen, perfect, develop, and expand Hainan's patriotic united front with a view to promoting Hainan's overall development and China's reunification cause.

Yesterday afternoon's session was presided over by Yao Wenxu, deputy secretary of the Hainan Provincial CPC Committee, and attended by principal leaders of the

Hainan Provincial CPC Committee, the Hainan Provincial Conference of People's Representatives, the Hainan Provincial People's Government, the Hainan Provincial CPPCC Committee, and the Hainan Provincial Discipline Inspection Commission, including Liu Jianfeng, Miao Enlu, Wei Zefang, Li Zhimin, Dong Fanyuan, and others.

In his speech, Comrade Deng Hongxun said that the current conference has heightened people's understanding of both the importance and protractedness of United Front Work and strengthened people's confidence in doing United Front Work.

Comrade Deng Hongxun expressed the hope that United Front Work departments at all levels in Hainan will exert their utmost to strengthen their work so as to unite as many people as possible. Redoubled efforts must also be made to consolidate and develop the fine situation of stability and unity in Hainan, carry out propaganda and education on United Front Work theories and policies, unite all those who can be united to carry out development of the Hainan Special Economic Zone by adhering to the socialist orientation.

Comrade Deng Hongxun also demanded that comrades engaged in United Front Work in Hainan conscientiously study the important speech made by General Secretary Jiang Zemin at the recently concluded National Conference on United Front Work, strengthen confidence, further develop and expand a patriotic united front, and mobilize the enthusiasm of all the people in Hainan with a view to enabling all the people in Hainan to make greater contributions to Hainan's socialist modernization building.

Henan Secretary Views Public Security Work

HK0808124290 Zhengzhou Henan Provincial Service
in Mandarin 2200 GMT 7 Aug 90

[Text] The Henan Provincial Conference on Public Security Work concluded in Zhengzhou yesterday afternoon.

Hou Zongbin, secretary of the Henan Provincial CPC Committee, attended and delivered a speech at the conference.

In his speech, Comrade Hou Zongbin fully affirmed the outstanding contributions made by the broad masses of police officers and policemen to the campaign aimed at cracking down on major and serious crimes and maintaining social stability in Henan.

He expressed the hope that the broad masses of police officers, policemen, armed police officers, and armed policemen will continue to work hard and make greater contributions to the work of maintaining overall stability in Henan in the future.

He said that the broad masses of police officers, policemen, armed police officers, and armed policemen in Henan are a reliable force capable of correctly implementing party and government policies and working

under difficult conditions. Now, all the police officers, policemen, armed police officers, and armed policemen in Henan are facing the new task of safeguarding social order during the forthcoming Asian Games and the forthcoming National Day and ensuring the smooth progress of the campaign of improving the economic environment, rectifying the economic order, and deepening the reform. Therefore, the broad masses of police officers, policemen, armed police officers, and armed policemen should continue to implement the principle of giving top priority to maintaining overall stability, resolutely crack down on all types of criminal activities, rely on the broad masses of cadres and people at the grass-roots level in carrying out comprehensive harnessing of social order, and further develop Henan's fine situation of stability and unity.

Comrade Hou Zongbin stressed that the CPC committees at all levels in Henan must practically strengthen leadership over public security organs and armed police forces, promote organizational and personnel building of public security organs at all levels, give heed to their views, help them solve problems and overcome difficulties, and mobilize the whole society to respect and support public security work.

Zhang Zhigang, member of the Standing Committee of the Henan Provincial CPC Committee and concurrently secretary of the Political and Legal Affairs Committee under the Henan Provincial CPC Committee, also attended and delivered a speech at the conference.

Hubei Province Holds Forum on United Front Work

HK1008083890 Wuhan Hubei Provincial Service in Mandarin 1130 GMT 9 Aug 90

[Excerpt] This morning, the Hubei Provincial Conference on United Front Work held a forum.

At the forum, provincial leaders held discussions with leaders and United Front Work department directors from various prefectures, autonomous prefectures, and cities of Hubei.

The forum was presided over by Zhao Fulin, deputy secretary of the Hubei Provincial CPC Committee.

Shen Yinluo, chairman of the Hubei Provincial CPPCC Committee, and Song Kun, deputy director of the United Front Work Department of the CPC Central Committee, also attended the forum.

At the forum, responsible persons from various prefectures, autonomous prefectures, and cities of Hubei reported and exchanged their United Front Work experiences and put forward proposals on how to implement the spirit of the current Hubei Provincial Conference on United Front Work.

All the participants at the forum unanimously held that after studying a series of documents issued by the CPC Central Committee and the important speeches made by General Secretary Jiang Zemin and some provincial

leaders respectively, they have further heightened their understanding of the importance, necessity, and protractedness of United Front Work, clearly defined the principles and tasks of United Front Work, and strengthened confidence in carrying out United Front Work.

The proposals advanced by the participants at the forum can be boiled down to the following two main points:

1. To adhere to the CPC leadership, consolidate and develop a patriotic United Front, and adopt practical measures to raise political, theoretical, and policy standards of cadres engaged in United Front work;
2. To strengthen organizational and personnel building of United Front Work, make more friends with non-CPC personages, and fully mobilize enthusiasm of all non-CPC personages in Hubei. [passage omitted]

Commentary Urges Invigorating Rural Market

HK0808141290 Changsha Hunan Provincial Service in Mandarin 2200 GMT 7 Aug 90

[Station commentary: "Never Forget To Invigorate the Rural Market"]

[Excerpts] Hunan's rural population accounts for five-sixths of its total population. Therefore, invigorating the rural market will definitely promote Hunan's overall economic development. In the second half of this year, departments concerned at all levels should endeavor to do a better job in purchasing farm and sideline products from the peasants. Once the peasants have cash in their hands, they will increase their consumption, which will in turn invigorate the rural market and promote industrial production development. [passage omitted]

In order to invigorate the rural market, commercial departments at all levels must actively send industrial products to rural areas and remote mountainous areas as well.

So long as we keep close watch over the rural market and adopt flexible and varied operation methods, we will certainly be able to invigorate the rural market and enable it to absorb those industrial products found unsalable on the urban market.

Southwest Region

Guizhou Secretary Addresses Coordination Meeting

HK0908121290 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 8 Aug 90

[Excerpts] The Seventh Economic Coordination Meeting of Five Southwestern Provinces and Regions and Two Southwestern Cities began in Guiyang yesterday morning.

Delegations from Chongqing City, Yunnan Province, Sichuan Province, Guangxi Region, Tibet Region, Chengdu City, and Guizhou Province gathered together

with comrades from some central departments concerned and from Hunan Province to discuss specific ways and means aimed at promoting development of Southwest China.

The meeting was presided over by Liu Zhengwei, secretary of the Guizhou Provincial CPC Committee.

Comrade Liu Zhengwei also delivered the opening speech at yesterday's meeting.

On behalf of the Guizhou Provincial CPC Committee, the Guizhou Provincial People's Government, and people of all nationalities in Guizhou, Comrade Liu Zhengwei expressed warm welcome to all the participants at the meeting.

Comrade Liu Zhengwei said that since the first economic coordination meeting was held in 1984, the five southwestern provinces and regions and the two southwestern cities have established lateral economic associations and strengthened lateral economic cooperation among themselves.

Practice over the past six years has borne out that the economic coordination meeting is full of vitality. This year is the first year of the 1990's. The five southwestern provinces and regions and the two southwestern cities must join hands with one another in developing Southwest China in accordance with the principles and policies formulated by the central authorities and must hold more consultations among themselves with a view to formulating a new development strategy, a series of new development policies, and specific ways and means aimed at boosting cooperation among themselves. Redoubled efforts must be made to further develop relations of economic cooperation among all the five southwestern provinces and regions and the two southwestern cities.

On behalf of the Sixth Economic Coordination Meeting of Five Southwestern Provinces and Regions and Two Southwestern Cities, Ma Lisheng, vice chairman of the Tibet Regional People's Government, submitted a work report to the meeting.

In his work report, Comrade Ma Lisheng said that since the sixth economic coordination meeting was held in Lhasa of last year, all the five southwestern provinces and regions and the two southwestern cities have conscientiously implemented the principle formulated by the central authorities of maintaining political and economic stability, furthered the campaign aimed at improving economic environment, rectifying economic order, and deepening reform, continued to carry out lateral economic cooperation among themselves, and achieved gratifying economic and social results. [passage omitted]

Sichuan Export Earnings Up Over 1989 Figures

OW0608143090 Beijing XINHUA in English
1320 GMT 6 Aug 90

[Text] Chengdu, August 6 (XINHUA)—In the first half of this year Sichuan Province's export earnings reached

530 million U.S. dollars—some 59.8 percent of this year's target and a rise of 15.59 percent over the same period last year.

This was despite the disadvantages of sluggish market price rises for raw materials and fund shortages.

In the past Sichuan mainly exported silk and pork, but since 1985 it has put emphasis on exporting machinery and electrical products.

Yunnan Fifth CPC Congress Concludes Work

HK1008064990 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 8 Aug 90

[Excerpts] The Fifth Yunnan Provincial CPC Congress successfully concluded in Kunming yesterday afternoon.

The conference listened to and examined the work report of the Fourth Yunnan Provincial CPC Committee, the work report of the provincial CPC advisory committee, and the work report of the provincial discipline inspection commission and elected the Fifth Yunnan Provincial CPC Committee, advisory committee, and discipline inspection commission.

The conference called on CPC organizations at all levels, all CPC members, all Communist Youth League [CYL] members, and cadres and people of all nationalities in Yunnan to continue to adhere to the basic line of one center, two basic points, further strengthen inner-party unity, unity between Army and government, unity between Army and people, as well as unity among people of all nationalities in Yunnan. The conference further called on all people to make concerted efforts, work harder, and make greater contributions to Yunnan's socialist construction as well as the common prosperity of people of all nationalities in Yunnan under the leadership of the CPC Central Committee headed by General Secretary Jiang Zemin.

Yesterday afternoon's session adopted resolutions on the work reports of the Fourth Yunnan Provincial CPC Committee, advisory committee, and discipline inspection commission. [passage omitted]

Finally, Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee, announced the conclusion of the Fifth Yunnan Provincial CPC Congress.

Adopts Resolution

HK1008080690 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 8 Aug 90

[Text] The following is "Resolution on Work Report of the Fourth Yunnan Provincial CPC Committee" adopted by the Fifth Yunnan Provincial CPC Congress on 7 August, 1990:

The Fifth Yunnan Provincial CPC Congress adopted the work report made by Comrade Pu Chaozhu on behalf of the Fourth Yunnan Provincial CPC Committee.

The congress fully affirmed all the fruitful work done by the Fourth Yunnan Provincial CPC Committee and held that under the correct leadership of the CPC Central Committee, the Fourth Yunnan Provincial CPC Committee resolutely implemented the CPC's basic line, adhered to economic construction as the center, adhered to the four cardinal principles and policies of reform and opening up to the outside world, constantly strengthened party-building work, ensured a sustained and steady development of Yunnan's provincial national economy, resolutely opposed bourgeois liberalization, made great efforts to safeguard stability in border areas and overall stability in Yunnan, further strengthened unity among people of various nationalities, conscientiously furthered the campaign aimed at improving economic environment and rectifying economic order, gradually deepened reform, promoted development of all types of undertakings in Yunnan, and achieved gratifying results in all aspects of work.

The conference held that the work report made by Comrade Pu Chaozhu on behalf of the Yunnan Provincial CPC Committee has realistically summed up achievements made and experienced gained by the Fourth Yunnan Provincial CPC Committee over the past five years, pointed out the existing problems and difficulties, and put forward new tasks, development strategy, guiding ideology, and policy measures for the next five years. The work report embodied the spirit of unity, stability, confidence, and development and conformed with the realities in Yunnan as well as the spirit of the Fourth Plenary Session, Fifth Plenary Session, and Sixth Plenary Session of the 13th CPC Central Committee.

The conference pointed out that all the tasks and basic principles guiding Yunnan's work in the next five years, which were put forward in Comrade Pu Chaozhu's work report, are correct and feasible. Yunnan must strive forward and develop her provincial national economy in a sustained, steady, and coordinated manner at a pace faster than the average pace of development of the whole country. To this end, Yunnan must further develop agricultural production, increase grain output, strengthen building of such infrastructural facilities as communications, energy, and telecommunications, and put an end to unbalanced development among various areas. In order to attain these goals, Yunnan must continue to develop education, science, and technology, control population growth, protect ecological environment, develop spirit of self-reliance and hard work, further the campaign aimed at improving economic environment, rectifying economic order, and deepening reform, further open up to the outside world, and concentrate efforts on increasing economic results.

The conference pointed out that unity, stability, and development among various nationalities has an important bearing over Yunnan's overall development. In carrying out all types of work, all the comrades concerned in Yunnan must take into account questions concerning various nationalities, border areas, and mountainous areas. Redoubled efforts must be made to

promote economic and educational development in areas inhabited by ethnic minorities, integrate economic development with intellectual development in those areas, and attach strategic importance to the work aimed at improving cultural quality of people of all nationalities in Yunnan.

The conference held that while strengthening socialist material civilization building, Yunnan must also practically strengthen socialist spiritual civilization building. Yunnan must further strengthen ideological and political work, continue to carry out the struggle aimed at adhering to the four cardinal principles and opposing bourgeois liberalization for a long time to come, and continue to give top priority to work aimed at maintaining overall stability. All the comrades concerned in Yunnan must also adhere to the principle of unity and stability, strengthen comprehensive harnessing of social order, strive to maintain overall stability in Yunnan, this being the basis of all types of work, resolutely safeguard the leading position of the working class, wholeheartedly rely on the working class, further strengthen socialist democracy and legal system building, and persist in and perfect the people's congress system and the CPC-led multi-party cooperation and political consultation system.

All the comrades concerned in Yunnan must also strive to consolidate and develop patriotic united front, unite all those who can be united, and mobilize all positive factors that can be mobilized with a view to further promoting socialist modernization building in Yunnan.

The conference emphatically pointed out that the CPC and China are presently at a crucial stage of historical development. There is a lot of work to be done. All the comrades in Yunnan must make joint efforts to build the CPC into a vanguard of the Chinese working class, which is armed with Marxism, Leninism, and Mao Zedong Thought. Such a vanguard must possess more mature theories, unified ideology, political strength, and internal unity, must maintain close ties with the broad masses of the people, and must act as a staunch nucleus capable of leading people of all nationalities in China to build socialism with salient Chinese characteristics. The CPC organizations at all levels in Yunnan must fully understand both the importance and the urgency of strengthening party-building work so as to more effectively resist peaceful evolution and more successfully accomplish the historical mission of the CPC, adhere to the Marxist Party-building principles and theories, devote more energies to party-building work at all levels, steadfastly promote ideological building of the CPC organizations at all levels, strengthen education and training of leaders at and above county level, strengthen party organization building at the grass-roots level, step up education among the broad masses of the CPC members, transform non-proletarian ideology and cultivate Marxist world outlook and Marxist outlook on life in the spirit of party rectification campaign and through criticism and self-criticism, and strengthen party spirit among all the CPC

members with a view to enabling all the CPC members in Yunnan to remain politically qualified forever.

The congress held that all the CPC cadres in Yunnan must personally go deep to the grass-roots level, carry out more investigations and research, further improve work style, do more practical work, further strengthen the existing ties between the CPC and the broad masses of the people, and whole-heartedly serve the people. It is also necessary to improve party spirit, strengthen party discipline, promote clean government building, continue to carry out the struggle against corruption, resolutely straighten out malpractices, eliminate corrupt elements, conscientiously implement the principle of democratic centralism, perfect the CPC's organization system, democracy system, and supervision system, strictly observe CPC disciplines, oppose any remarks and actions aimed at undermining party discipline, solidarity, and unity, attach great importance to leadership building at all levels, ensure that leadership power always remains in the hands of those loyal to Marxism, and advance forward by holding aloft the banner of Marxism.

The congress called on the CPC organizations at all levels, all the CPC members, all the CYL members, and cadres and people of all nationalities in Yunnan to continue to adhere to the basic line of one center, two basic points under the leadership of the CPC Central Committee headed by Comrade Jiang Zemin, further strengthen inner-party unity, unity between Army and government, unity between Army and people, as well as unity among people of all nationalities in Yunnan, make concerted efforts, work harder, and make greater contributions to Yunnan's socialist modernization building, Yunnan's border area development, and common prosperity among people of all nationalities in Yunnan.

North Region

Chen Xitong on United Front Work Conference

SK0908130090 Beijing BEIJING RIBAO in Chinese
17 Jul 90 p 1

[Text] At the united front work conference held by the Beijing Municipal CPC Committee on 16 July, Chen Xitong, deputy secretary of the municipal party committee and mayor of the municipality, called on party organizations at all levels in the municipality to enhance understanding, seek unity of thinking, actually strengthen leadership over the united front work, and further create a new situation in the united front work of the municipality.

The central content of this conference is to further understand the importance, necessity, and long duration of the united front work, and to define the current tasks of the united front work. This conference will last four days. Wang Jiali, deputy secretary of the municipal party committee, presided over the conference held on 16 July.

Chen Xitong further expounded some issues of fundamental importance related to the united front work in line with the specific conditions of the municipality. He pointed out: Comrades of the whole party must profoundly understand the importance, necessity, and long duration of the united front work. Our party has constantly paid attention to the united front work and defined the issue of united front as one of the three basic issues that guide China's revolution. After entering the new stage, the central authorities have again definitely pointed out: "The united front remains an important magic weapon." This is because, from a fundamental and strategic point of view, the issue of the united front has a bearing on the success or failure of the revolution and construction and on the rise or decline of the party. Today, without the most extensive united front, which includes the overwhelming majority of the Chinese nationalities, it would be impossible for us to build a socialism with Chinese characteristics, to attain the reunification of the motherland, to rejuvenate China, and to frustrate the strategy of subversion, infiltration, and "peaceful evolution" of hostile forces at home and abroad. Then, Chen Xitong expounded that adherence to party leadership is a fundamental guarantee for consolidating and developing the patriotic united front. He said: A key issue to uphold the party's leadership over the united front is to uphold the system of multiparty cooperation and political consultation under the leadership of the CPC. As proven by the repeated trials from history and reality, our country's multiparty cooperation system is full of vitality and becomes a basic political system of our country. We should persist in, strengthen, and constantly enrich and perfect this system. On no account should we abandon this system to advocate the Western countries' multiparty system. Chen Xitong pointed out: To develop the most extensive united front, we cannot deviate from the common political basis and the common fighting goal. To consolidate and expand the united front in the mainland, we must firmly hold high the banner of patriotism and socialism, must have a clear-cut stand in persisting in the four cardinal principles, and must oppose bourgeois liberalization in a clear-cut manner. If we take a vague and accommodating attitude on matters of the common political program and political basis, if we waver or lower our principles and stand, or if we go along with others to negate the demand of communism and socialism, our united front will be listless, will disintegrate, and will fail.

Chen Xitong called on party organizations at all levels in the municipality to attach importance to the united front work and list this work as an item on their daily agenda. All members of party committees, primary and secondary leaders in particular, should pay attention to and show concern for the united front work. Chen Xitong also set the following demands on the united front work for the present and the future: We should extensively and penetratingly conduct propaganda and education on the importance of the united front work and on the theory and policy concerning the united front. We should map out specific measures to further implement the CPC

Central Committee's opinions on persisting in and perfecting the CPC-led system of multiparty cooperation and political consultation. We should recommend democratic party figures for holding leading posts and jobs of government departments. We should attend to nationalities and religious work, and positively conduct the overseas united front work. Party committees at all levels should be concerned with and strengthen the building of united front departments and the ranks of united front cadres.

Present at the conference were leaders of the municipal party committee, the People's Congress Standing Committee, the government, and the committee of the Chinese People's Political Consultative Conference, including Yuan Liben, Li Guang, He Luli, Feng Mingwei, Guan Shixiong, Li Bokang, Zhu Zhanyu, and Gan Ying.

Attending the conference were responsible comrades of pertinent departments, commissions, and offices under the municipal party committee and the government as well as various people's groups. Also attending were responsible comrades of party committees and directors of united front work departments in various districts, counties, bureaus, corporations, universities, and colleges.

Hebei Holds Fourth Party Congress 14 Jul

SK0908120090 Shijiazhuang HEBEI RIBAO in Chinese
10 Jul 90 p 1

[Text] The 10th plenary session of the third Hebei Provincial CPC Committee concluded on 9 July. At the session an announcement was made on convening the Fourth Hebei Provincial Party Congress in the city of Shijiazhuang, capital of the province, on 14 July. During the two-day session, the participating members earnestly discussed and approved in principle the work report that will be presented to the Fourth Provincial Party Congress and also discussed the work reports of the provincial Advisory Commission and the provincial Discipline Inspection Commission.

It was stressed at the plenary session that the convocation of the Fourth Provincial Party Congress represents a big event in the provincial political life and that a success in the upcoming party congress represents the common task of the provincial party committee and the party committees at all levels. The Communist Party members and the people throughout the province should be full of enthusiasm to successfully conduct their professional work and to carry out various activities to greet the convocation of the provincial party congress.

Xing Chongzhi, secretary of the provincial party congress, presided over and addressed the plenary session.

Attending the plenary session were the members and alternate members of the provincial party committee; the members of the provincial Advisory Commission and the provincial Discipline Inspection Commission; the secretaries of the prefectural and city party committees and discipline inspection commissions, who are not

members of the provincial party committee, the provincial Advisory Commission, and the provincial Discipline Inspection Commission; and party-member leading cadres from the provincial People's Congress, the provincial People's Government, the provincial Chinese People's Political Consultative Conference Committee, the provincial military district, the provincial people's court, and the provincial people's procuratorate—152 persons in all.

Hebei Province Recruits Party Members

SK0908120190 Shijiazhuang HEBEI RIBAO in Chinese
14 Jul 90 p 1

[Summary] During the 1985-1989 period, Hebei Province recruited more than 337,000 party members. Of these new members, workers and peasants working on the production forefront accounted for 47 percent. At present, the province has built a contingent of 215,000 activists who are applying for membership to the party.

Hebei Achievements in Building Economic Zones

SK1008014590 Shijiazhuang HEBEI RIBAO in Chinese
14 Jul 90 p 1

[Summary] Over the past two years, Hebei Province has scored marked achievements in building the Qin-Tang-Cang open economic zone along the Bohai Bay. In 1989 the economic zone realized 14.3 billion yuan in the gross national product, a 44.6 percent increase over 1987; 11.3 billion yuan in the national income, a 41 percent increase over 1987; 28.7 billion in the total product of society, a 50 percent increase over 1987; 22.3 billion yuan in the total industrial and agricultural output value, a 53.3 percent increase over 1987; and 1.38 billion yuan in the financial revenues, a 17 percent increase over 1987.

In building infrastructures over the past two years, the province has built 24 deepwater berths in the Qinhuangdao Harbor, which have enabled the harbor's handling capacity to reach to 92.35 million tons. The 1,000-ton-class berth built at Huanghua Harbor has been put into operation and the project of expanding the berth at Huanghua Harbor to a 3,000-ton-class one has been under construction. The project of building a major coal-transport railway between Shenmu and Huanghua has passed the appraisal of experts. The province has also begun to build two 5,000-ton-class berths at Wangtan Harbor, one of which is expected to be completely built by the end of 1990. The projects of electrifying the railway between Beijing and Qinhuangdao and of repairing and building the railway between Datong and Qinhuangdao have enabled the cities of Qinhuangdao and Tangshan to further enjoy the convenience of railway transportation. The railway between Cangzhou City and Huanghua Harbor has been put into operation. Over the past two years, the province has built 127-km new arterial highways and 590-km feeder highways. Highways in the open economic zone, which have been

opened to traffic, have reached to 4,620 km long. Qinhuangdao City has established an air link with the three cities of Beijing, Shanghai, and Guangzhou. The 10,000-line program control telephone system in the cities of Qinhuangdao and Tangshan has been put into operation and these cities now can conduct express communications activities with more than 30 countries and regions in the world. The 10,000-line program control telephone system of Cangzhou City will be completely built and put into operation at the end of this year. Thus, 12 counties (county-level cities) in the open economic zone will enjoy direct long-distance calls with both domestic and foreign cities at the end of this year. By the end of this year, the newly-increased power production capability of the open economic zone will reach 191,000 kw. Following the accomplishment of building new collieries and expanding the old ones, the open economic zone will have the newly-increased coal production capability of 12 million tons. After its expansion, the Tangshan Iron and Steel Company has increased its iron-smelting capability of 875,000 tons and its sintering capability of 1.8 million tons, its mining capability of 1.5 million tons, and its ore dressing capability of 1.5 million tons. The Tangshan soda plant with the annual output of 600,000 tons has been basically built and put into production. The production capability of salt farms along the Bohai Bay has increased their output from 1.23 million tons in 1978 to 3.3 million tons in 1989.

In developing the export-oriented economy over the past two years, the economic zone's accumulated number of Sino-foreign joint-venture enterprises, Sino-foreign cooperative enterprises, and of foreign-run enterprises has reached more than 100 whose total investment has reached \$710 million. The capital which has been registered has reached \$320 million. The foreign companies or firms have paid \$160 million. Of these enterprises, 41 have been completely built and put into production. They realized 256 million yuan of total industrial output value and 36 million yuan of taxes and profits in 1989, and earned \$16 million foreign exchanges for the state. In 1989 the total volume of procuring exported commodities in the zone reached more than 1 billion yuan, a 55 percent increase over 1987 and a 32 percent increase over 1988. The open economic zone signed 30 contracts of foreign loans totalling \$203 million and the contracts of 125 items on introducing foreign funds totalling \$104 million. In 1989, the open economic zone also signed 18 contracts worth \$14 million with the foreign countries with regard to the processing of products with materials provided from abroad, the assembling of products with parts provided from abroad, and the compensatory trade.

Hebei First Half Industrial Results Reported

SK0808011990 Shijiazhuang HEBEI RIBAO in Chinese
9 Jul 90 p 1

[Summary] In the first half of 1990, industrial enterprises at or above the township level throughout Hebei Province scored marked achievements in production. By

the end of June this year, their accumulated volume of output value showed a 1.9 percent increase over the same period of 1989. Of this increase, that of the state-run enterprises showed a 1.9 percent increase over the same period of 1989; and that of collective-run enterprises, a 1.1 percent increase over the same period of 1989. Of the increase scored by collective-run enterprises, that of town-run enterprises showed a 5.1 percent increase over the same period of 1989.

The output value of heavy industrial enterprises showed a 4.5 percent increase over the same period of 1989 but that of light industrial enterprises showed a 0.9 percent decrease over the same period of 1989.

Northeast Region

Delegation Returns Home From Yugoslavia

SK1008021390 Harbin Heilongjiang Provincial
Service in Mandarin 0900 GMT 7 Aug 90

[Text] After concluding its visit to the Republic of Serbia and Slovenia of the Socialist Federal Republic of Yugoslavia, the goodwill delegation of the Heilongjiang Provincial People's Government returned to Harbin City at 1916 on 7 August.

At the Harbin City railway station, Chen Yunlin, head of the provincial delegation and vice governor of the province, was interviewed by a reporter. During the interview, Vice Governor Chen Yunlin first described the purpose of his foreign trip and stated: [Begin recording] In January 1987, Sun Weiben, secretary of the provincial party committee, led the provincial party delegation to pay a visit to the Republic of Serbia and Slovenia. During his visit, both sides signed an agreement on establishing friendly ties and cooperative relationship in the economy and technology. At the invitation of the Republic of Serbia and Slovenia, the provincial government delegation paid a nearly one month visit to the republic. Our visit to the Republic of Yugoslavia has not only further enhanced the contact and friendship between the province and the republic but also laid the foundation for the visit of the Republic of Serbia and Slovenia to the province. [end recording]

During the interview, Vice Governor Chen Yunlin continued: [Begin recording] Except for having enhanced our understanding of the Republic of Serbia and Slovenia, we have found during our visit that we have been consistently supported by the republic in the fields of economic and technical cooperation and trade. What is most important is that we have found that the European markets are of great importance to China and [words indistinct]. During our visit, (the two parties signed an agreement on building a joint-venture pharmaceutical factory in the province and on exchanging technical specialists), in which Heilongjiang Province will be allowed to sell the pharmaceutical products directly to outside places. Meanwhile, both sides also signed a contract of 100,000 tons of fertilizer, [words indistinct], and carbamide. During the visit, both sides

also signed an arrangement for the first delivery of the contracted goods and reached several agreements on investments in various fields and on increasing the volume of barter trade. During our visit, we also handed over the letter of Governor Shao Qihui to the executive committee of the Republic of Serbia and Slovenia with regard to inviting the chairman of the republic executive committee to pay a visit to the province at his convenience. [end recording]

In concluding the interview, Comrade Chen Yunlin stated: [Begin recording] Our visit has accelerated the development of economic and technical cooperation between the province and the republic of Yugoslavia and played a promoting role for the province to develop trade or barter trade with the Soviet Union and eastern European countries and to achieve development in the economy. [end recording]

He Zhukang Receives U.S. Aid Company Personnel

SK0808004590 Changchun Jilin Provincial Service in Mandarin 2100 GMT 6 Aug 90

[Text] At the invitation of the Jilin Provincial People's Government, the four-member delegation of the (?American International Aid Corporation), including (Flanks), president of the corporation, and Mr. (Lin Zhenwei), director of the Asian Bureau under the corporation, arrived in Changchun City on 6 August.

That evening, He Zhukang, secretary of the provincial party committee, and Wang Zhongyu, governor of the province, received the American guests at the Nanhu Guesthouse. During the reception, He Zhukang expressed warm welcome to their visit, informed them of our province's social welfare situation, and praised the achievements scored by Mr. (Flanks) in social welfare and charity work.

Greeting the American guests at the airport and also attending the reception were Liu Xilin, vice governor of the province; (Wang Hongwen), acting secretary general of the provincial people's government; Li Jieche, director of the provincial Foreign Affairs Office; and (Dong Jianguo), vice chairman of the Commission for Economic Relations with Foreign Countries.

During their stay in the province, Mr. (Flanks) and his entourage will visit the Jilin University, the provincial orphanage school, the provincial hospital, and some collective welfare institutions.

Liaoning CPC Committee Holds Plenary Session

SK0908121790 Shenyang Liaoning Provincial Service in Mandarin 0930 GMT 8 Aug 90

[Text] The seventh Liaoning Provincial CPC Committee held its first plenary session today during which Comrades Quan Shuren, Yue Qifeng, Sun Qi, Shang Wen, Wang Julu, Gao Zi, Zhu Jiazhen, Wang Chonglu, (Ma Shenglin), Zhang Guoguang, (Li Guozhong), and Xu

Wencai were elected members of the Standing Committee of the provincial party committee, Quan Shuren was elected secretary of the provincial party committee, Yue Qifeng, Sun Qi, and Shang Wen, were elected deputy secretaries of the provincial party committee.

The session adopted the election results of the provincial party committee and the provincial Discipline Inspection Commission. Guo Feng, Yue Qifeng, and Quan Shuren addressed the session respectively.

Further on Plenary Session

OW0908115690 Beijing XINHUA Domestic Service in Chinese 1308 GMT 8 Aug 90

[By Reporter Xia Yang (1115 7122)]

[Text] Shenyang, 8 August (XINHUA)—The First Plenary Session of the Seventh Liaoning Provincial CPC Committee ended today and elected a new leadership. Quan Shuren was elected secretary of Liaoning Provincial CPC Committee, and Yue Qifeng (1471 1477 1496), Sun Qi and Shang Wen were elected deputy secretaries.

Discipline Inspection Commission Holds Session

SK0908121690 Shenyang Liaoning Provincial Service in Mandarin 0930 GMT 8 Aug 90

[Text] The Liaoning Provincial Discipline Inspection Commission held its first plenary session yesterday to elect members of the Standing Committee, secretary and deputy secretaries of the Liaoning Provincial Discipline Inspection Commission. By adopting the method of secret ballot and voting from a larger number of candidates, the 35 committee members present at the session elected Sun Qi, Zhang Chenglun, Jiao Shuaizhang, Fu Jiaji, (Du Xuezhong), (Ji Guangren), and Ding Yuxue members of the Standing Committee of the provincial Discipline Inspection Commission. By adopting the method of secret ballot and voting from an equal number of candidates from members of the Standing Committee, Sun Qi was elected secretary of the provincial Discipline Inspection Commission. Zhang Chenglu, Jiao Shuaizhang, and Fu Jiaji were elected deputy secretaries.

After being elected secretary of the provincial Discipline Inspection Commission, Comrade Sun Qi gave a speech at the plenary session. He said: The discipline inspection organs at all levels throughout the province should realistically grasp party style, party discipline, and the building of clean politics until fruitful results are achieved. At present, it is necessary to implement the decision of the sixth plenary session of the CPC Central Committee, to conscientiously correct the unhealthy trend of illegally building houses on the part of party and government cadres and using public funds to furnish houses above set standards, to straighten out unhealthy trends in various trades, to step up efforts to investigate and handle cases on law-breaking and undisciplined activities, and to fulfill the tasks put forward by the provincial party congress on strengthening party style and party discipline in the next five years.

Shenyang Industrial Base Aided by Technology

OW1008094890 Beijing XINHUA in English
1415 GMT 9 Aug 90

[Text] Shenyang, August 9 (XINHUA)—Shenyang, capital of northeast China's Liaoning Province and one of China's major heavy industry centers, has benefited greatly from high technology in recent years, a local official said.

The city, an old industrial base built up during the First Five-Year Plan (1953-1957), has made valuable contributions to the country's economic development over the last four decades.

But now, 70 percent of the city's products lag behind those of the advanced countries by some 20 to 30 years in quality.

Last August, Shenyang was listed by the State Science and Technology Commission as China's first pilot city for speeding up the reform of traditional industry through development of hi-tech.

Developing high technology industries is the only way for Shenyang to invigorate its traditional industry, according to Mayor Wu Disheng.

The city's Nanmu Hi-Tech Development Zone has generated 259 million yuan in industrial output value since it was completed in 1988, and hi-tech production accounted for 30 percent of the figure.

The city now has more than 400 scientific research bodies with over 400,000 workers.

Meanwhile, it is reported that priority will be given to developing robots, sensitive materials, adhesive-bonded fabrics, extensive integrated circuits and transducers in Shenyang in the next few years.

Northwest Region

Qinghai Secretary Attends Worker's Forum

HK0908153290 Xining Qinghai Provincial Service
in Mandarin 2230 GMT 8 Aug 90

[Text] The Qinghai Provincial Committee of the Chinese Peasants' and Workers' Democratic Party [CPWDP] held a forum yesterday to celebrate the 60th anniversary of the founding of the CPWDP.

On behalf of the Qinghai Provincial CPC Committee, Yin Kesheng, secretary of the Qinghai Provincial CPC Committee, attended and delivered a speech at the forum.

The CPWDP is one of the earliest democratic parties in China. The CPWDP has always adhered to and accepted the CPC leadership and has made great contributions to China's democratic revolution as well as socialist revolution and socialist construction.

The CPWDP is mainly composed of distinguished intellectuals from medical, cultural, and educational circles. The Qinghai Provincial CPWDP Committee was established in 1986 and now boasts a membership of more than 240. Over the past few years, under the leadership of the Qinghai Provincial CPC Committee and the Qinghai Provincial CPWDP Committee, the CPWDP organizations at all levels in Qinghai have actively carried out a variety of activities, including school running, medical service provision, and so on, and made great contributions to Qinghai's socialist spiritual civilization building and socialist material civilization building.

A large number of Qinghai-based CPWDP members have also made valuable contributions to Qinghai's development at their respective work posts. Many of them have become advanced teachers, model doctors, and model scientists.

After reviewing their work over the past few years, more than 100 Qinghai-based CPWDP members attending the forum unanimously held that without the CPC leadership, the CPWDP's development would be out of the question. They pledged to work harder, further develop their respective talents and skills, actively participate in government and political affairs, and make concerted efforts to push ahead with the campaign aimed at improving economic environment, rectifying economic order, and deepening reform in Qinghai in the future.

In his speech, Comrade Yin Kesheng expressed the hope that all the CPWDP members in Qinghai will highly value their 60-year glorious history, develop their fine traditions, hold aloft the banner of socialism and the banner of patriotism, and strive to safeguard the current political situation of stability and unity in Qinghai under the leadership of the Qinghai Provincial CPC Committee.

Zhang Zhuyuan, chairman of the Qinghai Provincial CPWDP Committee, also delivered a speech at the forum.

(Ma Wanli), chairman of the Qinghai Provincial CPC Advisory Committee, Yang Maojia, vice chairman of the Qinghai Provincial People's Congress Standing Committee, Bainma Dandzin, vice governor of Qinghai Province, Song Bu and Fu Shichun, vice chairmen of the Qinghai Provincial CPPCC Committee, and others also attended the forum.

Yin Kesheng, (Ma Wanli), Huanjue Cailang, and Zhang Guosheng also wrote inscriptions for the forum.

Rectifying Unhealthy Practices in Xian Trades

HK1008051190 Beijing RENMIN RIBAO in Chinese
1 Aug 90 p 4

["Dispatch" by reporter Meng Xian (1322 6007 1344): "Chen Zuolin, Deputy Secretary of the Central Discipline Inspection Commission, Inspects Xian; Urges Efforts To Rectify Unhealthy Practices in Various Trades"]

[Text] Xian, 1 Aug (RENMIN RIBAO)—When inspecting work on honest and clean government in Xian, Chen Zuolin, deputy secretary of the Central Discipline Inspection Commission, pointed out: Redressing unhealthy practices in various trades is an important aspect in rectifying party style and purifying the general mood of society, and should be resolutely, conscientiously, and persistently implemented. To grasp this work well, ideological education is the foundation, system building is the guarantee, and reinforcement of leadership is the key.

Chen Zuolin said: Practice in various trades is not party style, but is closely related to it. It is because our party is the ruling one and all trades and professions are under the leadership of party organizations at all levels, and communist party members, are the backbone force in all trades and professions. Unhealthy practices in various trades can affect the style and prestige of the party, and unhealthy party style can also lead to unhealthy practices in various trades. Therefore, we must reinforce the sense of urgency in rectifying unhealthy practices in various trades.

Chen Zuolin emphatically pointed out: To rectify unhealthy practices in various trades, we must mobilize the whole party, integrate departments and regions, and adopt comprehensive measures. It is necessary to step up ideological and political work, strive to improve the

qualities of party members and cadres, and their ability to resist corruption and avoid degeneration. It is necessary to establish effective systems, which must be geared to realities and be feasible. Leading cadres should set a good example for people and should display both courage and tact in dealing with unhealthy practices.

Chen Zuolin said: The series of policy decisions made by the party Central Committee since the Fourth Plenary Session of the 13th CPC Central Committee have provided a good environment and conditions for rectifying unhealthy practices of various trades and professions. Leading cadres at all levels should grasp this favorable opportunity to reinforce their sense of urgency in the construction of an honest and clean government. At the same time, we should also realize that various unhealthy practices are a longstanding social phenomenon which cannot be eradicated by formalism or by sudden, sporadic efforts. So long as all Communist Party members and leading cadres at all levels begin with themselves and from their own lines of trade, and, at the same time, simultaneously pay attention to promoting a healthy atmosphere and tendency in society; strive to expand positive factors; take strong measures against unhealthy tendencies; and gradually minimize negative factors; then we will get the support of the broad masses of the people, and the socialist cause led by our party will triumph everywhere.

Further Reportage on Iraq-Kuwait Situation

Government Not To Purchase Iraqi Oil

OW1008065190 Taipei CNA in English 1536 GMT
8 Aug 90

[Text] Taipei, Aug. 8 (CNA)—In accordance with the United Nations resolution to impose economic sanctions against Iraq, the Ministry of Economic Affairs said Wednesday it has decided not to purchase Iraqi oil at present.

Economics Minister Vincent Siew said that the Chinese Petroleum Corporation would negotiate with its ongoing oil suppliers extra oil supply.

According to statistics, two-way trade between the Republic of China and Iraq in the first half of this year totaled [number indistinct] million U.S. dollars, of which ROC [Republic of China] exports accounted for (?5) million U.S. dollars.

International Sanctions Supported

OW0908154090 Taipei International Service
in English 0200 GMT 9 Aug 90

[Text] Presidential spokesman (Chiu Chin-yu) stated on Wednesday that in order to maintain international justice, the ROC [Republic of China—FBIS] will definitely support the condemnation of Iraq by the United Nations. However, as to concrete actions, (Chiu) said that they will be decided by the Foreign Affairs Ministry and the Economic Ministry.

He said that in principle, decisions will be made to stay in step with other countries and maintain international interests.

To Join Other Nations in Sanctions

OW0908154290 Taipei International Service
in English 0200 GMT 9 Aug 90

[Text] Vice Economic Minister Chiang Pin-kun stated on Wednesday that the ROC [Republic of China] is willing to be in coordination with the rest of the world in taking sanctions against Iraq and will reduce trade relations with the Middle East country. Chiang said that currently the ROC actually conducted very little trade with Iraq, and, therefore, it can be said that the ROC is already doing its part in taking economic sanctions against Iraq.

As to how the ROC will respond in the long term, he said the nation will remain in line with steps taken by other nations.

Annexation of Kuwait Condemned

OW1008050190 Taipei CNA in English 1534 GMT
9 Aug 90

[Text] Taipei, Aug. 9, (CNA)—The Foreign Ministry on Thursday condemned Iraq's annexation of neighboring

Kuwait, an act the ministry charged had deprived Kuwait of its political independence and endangered peace and security in the Middle East.

In a strongly worded statement, the ministry said the Republic of China was making a careful evaluation of the overall situation in order to adopt proper counter-measures.

The statement said the Republic of China had always supported the United Nations charter which calls for solving [words indistinct] disputes through peaceful means.

The Republic of China firmly opposes any act of aggression that violates the territorial integrity of another country, the statement said.

Huang Hsin-pi, the ministry's spokesman, said the statement was issued to show the government's support for a resolution adopted by the United Nations calling for sanctions against Iraq.

Li Meets U.S. Congressmen

OW0908222890 Taipei CNA in English 1545 GMT
9 Aug 90

[Text] Taipei, Aug. 9 (CNA)—The Republic of China [ROC] upheld international justice and opposed aggression or resorting to force to attain national goals, President Li Teng-hui said Thursday while receiving two U.S. congressional delegations.

Li said the Republic of China supported the United Nations' resolution to impose sanctions against Iraqi invasion of Kuwait in order to maintain international justice and peace.

The president and his American guests also exchanged views on current international situation, Sino-U.S. relations and other issues of mutual concern.

The two U.S. congressional missions included seven congressmen: Mike Espy, Arthur Ravenel, Bob Clement, John Tanner, Donald Payner, Philip M. Crane and Jack Buechner.

Li told the U.S. lawmakers that the Republic of China's priority at the moment was to beef up its defense capability in order to maintain peace in the Taiwan Straits and safeguard the free and democratic systems on the island.

The president hoped that the United States would actively support the Republic of China's bid to re-enter the General Agreement on Tariffs and Trade (GATT).

The American congressmen said they appreciated the Republic of China's efforts and achievements in narrowing the trade gap between the two countries. They also promised to help the ROC obtain GATT membership.

Premier Hopes U.S. Will Remain 'Firm'

*OW0908223590 Taipei CNA in English 1552 GMT
9 Aug 90*

[Text] Taipei, Aug. 9 (CNA)—Premier Hao Po-tsun said Thursday he hoped the United States would remain firm in clamping down sanctions against the aggressor in order to maintain peace and stability in the Middle East and elsewhere in the world.

The premier made his remarks while meeting U.S. Congressmen Philip M. Crane and Jack Buechner at his office.

Hao agreed with his guests' observation that the Chinese communist regime would not allow Hong Kong's free and democratic way of life to remain intact after 1997.

Hao stressed that once Teng Hsiao-ping dies, the Peking regime would split and become unstable. He added, he was sure that communism, which runs counter to Chinese culture, will not last much longer.

Rep. Crane lauded the Republic of China for its rapid progress in economic development, as well as for its people's hospitality and diligence.

Spokesman on PRC Talks Proposal, Iraqi Invasion

*OW1008082890 Taipei CNA in English 1507 GMT
8 Aug 90*

[Text] Taipei, Aug. 8 (CNA)—The Republic of China Government could not accept Chinese Communist proposals to talk with Peking as a local government, Presidential Office Spokesman Cheyne J.Y. Chiu reiterated Wednesday.

Chiu was commenting on reports that the Chinese Communist leader Teng Hsiao-ping had said recently that Peking and Taipei could hold talks as the "Chinese Government" and the "Chinese Taiwan Provincial Government" respectively.

"If we accepted the Chinese Communist proposals, it would mean a betrayal of our position," Chiu said. Taipei has insisted that it would only talk with Peking on an equal basis.

The spokesman also outlined the Republic of China Government's position on the Iraqi invasion of Kuwait, saying the country supported the safeguarding of international justice.

Chiu added, however, that the country must also take its national interests into consideration. He declined to elaborate or comment on what actions Taipei might take in response to the Middle East Crisis. Since Iraqi forces invaded Kuwait on Aug. 2, many Western countries have condemned and imposed sanctions against Iraq.

The Republic of China Foreign Ministry Tuesday expressed "deep concern" about the crisis and hoped the conflict could be solved in a peaceful and reasonable

manner as soon as possible, but stopped short of announcing any concrete actions against Iraq.

Government Not To Consider Importing Mainland Oil

*OW1008035990 Taipei CNA in English 0236 GMT
10 Aug 90*

[Text] Taipei, Aug. 10 (CNA)—Economics Minister Vincent Siew said Thursday that the Government would not consider buying crude oil from the Chinese mainland at the present time.

He said the Government should not rely on a rival regime for the supply of such an important strategic material. In addition, he explained, the petroleum refining facilities in Taiwan could not process mainland Chinese crude oil because of its high wax content.

Siew made the remarks after some scholars had suggested that the Government consider importing crude oil indirectly from the mainland in order to diversify sources of supply.

Taiwan's Economic Strength Still Attracts Indonesia

*OW0808002390 Taipei CNA in English 1555 GMT
7 Aug 90*

[Text] Taipei, Aug. 7 (CNA)—The Republic of China's strong economic strength still attracted Indonesia and the Southeast Asian country was expected to maintain substantive relations with Taipei despite its decision to resume diplomatic relations with communist China, a Foreign Ministry official said Tuesday.

Jakarta and Peking were scheduled to reestablish full diplomatic relations Wednesday after the ties had been suspended for 23 years. Chinese communist Premier Li Peng flew into Jakarta Monday to sign the memorandum of understanding on the resumption of bilateral ties.

The Foreign Ministry official said Taipei was watching very closely if the memorandum of understanding between Jakarta and Peking would hint at any change in Indonesia's policy toward the Republic of China.

Indonesia's decision to resume relations with communist China was mainly based on considerations of international reality, the official said. But the Republic of China's economic strength was also a reality that could not be neglected, he stressed.

The Republic of China was the second largest foreign investor, next only to Japan, in Indonesia. During the past few years, Taipei has invested a total of 1.2 billion U.S. dollars in that country.

Two-way trade between the two countries has also been on the rise. According to statistics compiled by the Board of Foreign Trade, their trade totaled about 1.64 billion U.S. dollars in 1989, with a surplus of 227 million U.S. dollars in Taipei's favor. In the first half of 1990, the trade amounted to 912 million U.S. dollars.

With close trade and economic relations, Indonesia had repeatedly assured the Republic of China that it would maintain substantive ties with Taipei even after resuming diplomatic relations with Peking, the official said.

For this reason Jakarta promised last October to upgrade the Republic of China's representative office in that country, from the Chinese Commerce Chamber to the Taipei Economic and Trade Office, he added.

In light of the common interests of the two countries, the Republic of China would continue to promote relations with Indonesia on a reciprocal basis, the Foreign Ministry official concluded.

Government To Publish Annual Economic White Paper
OW1008065990 Taipei CNA in English 1532 GMT
8 Aug 90

[Text] Taipei, Aug. 8 (CNA)—The government will publish a White Paper on economic construction every year while the 1991-96 six-year Economic Development Plan is being implemented, the Council for Economic Planning and Development said Wednesday.

The council has planned to put up an outline for the six-year plan in September, hold a council meeting to discuss its details in November, and submit it to the cabinet in December.

The council said yearly white papers on economic construction will be published so that the people would understand the targets of the Economic Development Plan.

The council said that it envisioned a six-year plan with two major parts, long-term economic development and the overall development of national land.

In the yearly White Paper, the council will report the domestic and global economic situation, explain the allocations of national resources, review the implementation of the previous year's economic projects, and adjust the projects to be implemented.

The council hopes that the publication of the White Paper would help the private sector understand the Government's economic goals and contribute to their realization.

Government To Revise Energy Policy

OW1008041990 Taipei CNA in English 0232 GMT
10 Aug 90

[Text] Taipei, Aug. 10 (CNA)—The Republic of China Government is considering to revise its energy policy by allowing domestic enterprises to invest in foreign oil fields and coal mines and by encouraging the private sector to generate electricity.

According to a draft plan prepared by the Economics Ministry's Energy Commission, both public and private enterprises will be allowed to invest in foreign oil and natural gas fields or coal mines in order to expand the country's energy sources.

Under the current energy policy, the state-run Chinese Petroleum Corporation monopolizes oil imports and is the only one permitted to invest in oil fields overseas.

As the country's coal resource is becoming scarce, private coal mining companies will be encouraged to invest in foreign coal mines, according to the plan.

The Energy Commission also called for incentives to stimulate private industries to invest in small-scale hydraulic power plants and similar facilities. According to its plan, the state-run Taiwan Power Company will buy electricity generated by the plants at preferential rates.

Other proposal in the draft plan includes increasing imports of liquefied natural gas and maintaining an "appropriate percentage" of nuclear power-generated electricity.

Nationwide Energy Conservation Drive Launched
OW1008050890 Taipei CNA in English 0317 GMT
9 Aug 90

[Text] Taipei, Aug. 9 (CNA)—The Economics Ministry decided Wednesday to launch a nation-wide energy conservation campaign in the face of rising international oil prices triggered by Iraq's invasion of Kuwait.

Vice Economics Minister Chiang Pin-kung said since the time of low oil prices was over, the country must think of ways of economizing the use of energy.

The ministry has ordered the energy committee to map out a plan for the whole country to save oil, power and water which would be carried out first by government units under the ministry and then by other state-run and private enterprises.

Chiang added that his ministry would "fully communicate" with the public before deciding on when to start the construction on the fourth nuclear power plant.

The issue of the fourth nuclear power plant, whose construction had been delayed by a growing environmentalist lobby, surfaced again as oil and power shortages began to worry government officials.

Taiwan Power Company used graphic pictures in urging public support for the fourth nuclear power plant project, pointing out that nuclear power is much cheaper and cleaner than oil-generated power.

Taipower said currently 25 percent of all electric power in the country was oil-generated and 40 percent nuclear-generated.

It noted that the bill for oil ran as high as 24 billion New Taiwan dollars (about 0.88 billion U.S. dollars) a year, accounting for 60 percent of the budget for fuels, while that for uranium, a mere 6 billion NT dollars (218.98 million U.S. dollars), or 15 percent of the total budget.

Panamanian Official Urges Closer Economic Ties

OW1008053190 Taipei CNA in English 0324 GMT
10 Aug 90

[Text] Panama City, Aug. 9 (CNA)—Panama's Minister of Commerce and Industry Juan Chevalier said Wednesday that the Republic of China [ROC] and Panama should increase economic cooperation, which is surely contributive to the two nations' development.

Minister Chevalier made the remarks when returned to Panama Wednesday night after concluding a tour of the ROC, Japan, Singapore, and Hong Kong. He and a five-member private mission left for the Far East July 19 to collect information on the economic developments of those Asian nations and invite entrepreneurs there to make investments in Panama.

The minister said he was deeply impressed by the dynamical power the ROC demonstrates toward the development. He stressed that the ROC's development experiences are worthwhile to be learned, specially for the developing countries.

Chevalier said Panama could offer for ROC enterprises to expand their businesses in Latin America with its geographical position, developed financial services, convenience in the transportation, and lack of control on the foreign exchange, among others.

He said he would do his best in promoting the ROC-Panamanian economic cooperation, which he said, would benefit both of the two nations.

Deporting Mainlanders Necessary for Security

OW1008051090 Taipei CNA in English 1558 GMT
9 Aug 90

[Text] Taipei, Aug. 9 (CNA)—Premier Hao Po-tsun said Thursday that the Republic of China had to repatriate

mainland Chinese illegally entering the Taiwan area in order to ensure national security.

Hau stressed, however, that the government had always taken humanitarian and safety factors into account in conducting the repatriation of the mainlanders.

The premier made his remarks in the weekly cabinet meeting after hearing a report by Shaw Yu-ming, director-general of the Government Information Office, on a recent accident in which 25 mainlanders suffocated on a fishing boat taking them back to the mainland.

During the past two to three years, more than 10,000 illegal entrants from the mainland had been arrested and repatriated, Hau said. The large number of mainland stowaways indicated the human-smuggling wave might not be that simple in its nature.

To safeguard national security, the government could not but send the mainlanders back to the other side of the Taiwan Straits, the premier said.

In conducting the repatriation, Hau stressed, the security authorities might adopt some precautionary measures to prevent repatriates from escaping or fighting with each other, but they had to be treated in a humanitarian manner and the best efforts had to be made to ensure their safety.

The premier's remarks effectively reaffirmed the Republic of China government's denial of the Chinese Communist accusation that Taipei was to blame for the death of the 25 suffocated mainlanders, who were repatriated on July 21 and reached the mainland on the next day.

Hau also cast doubt on the Peking-based NEW CHINA NEWS AGENCY's handling of the news story about the accident. The Chinese Communist organ released the news on August 3, more than ten days after the accident was exposed on July 22.

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